

FINANCIAL TIMES

Weekend FT Grasping at change in east Russia

Down with the pen, up with the barbecue fork

Big match for the sons of mother Georgia

VW executive may be charged over GM theft

German prosecutors are expected to bring criminal charges against José Ignacio López de Arriortúa...

141 die in Nigerian air crash: All 141 passengers and crew on a Boeing 727 were killed...

Bowles made Clinton's chief of staff: US President Bill Clinton appointed investment banker Erikine Bowles...

Interest rate fears overshadow FTSE: A surprise rally in US Treasury bonds helped prompt the rebound in the British stock market...

FTSE 100 has fallen 37.7 or 1 per cent. London stocks, Page 31

Fears for smaller UK companies: Concern over the health of smaller UK companies deepened yesterday after profit warnings from Roxboro and Reliance Security...

Yeltsin back to work 'within weeks': Doctors predict that Russian president Boris Yeltsin, recovering from heart bypass surgery, should be able to resume a full workload within weeks...

Australian ban on Adams visit: Pro-British politicians in Northern Ireland welcomed the Australian government's ban on Sinn Féin president Gerry Adams...

Sanction-busting aids Iraq: Iraq's ability to get round sanctions since the Gulf war has expanded trade, said Iraqi finance minister Hikmat Ibrahim al-Asawi...

OECD faces pension crisis: The Organisation for Economic Co-operation and Development has admitted the pension scheme for its 1,900 employees is unsustainable...

Lloyd's criticised on Maastricht: Lloyd's of London has tried to stem criticism that it failed to pay profits to up to 12,000 names entitled to surpluses on business carried out in US dollars...

Turkish minister quits over scandal: Turkey's interior minister Mehmet Ağar resigned yesterday as the government tried to distance itself from a scandal linking the police and politicians with organised crime...

Pope warns over Third World debt: Pope John Paul II told a Vatican conference that heavy debt is stifling emerging Third World democracies, and urged international help...

German ministries face budget cuts: Germany's social affairs, transport and economics ministry budgets are among those facing significant cuts next year in a bid to reduce federal spending by DM3bn...

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Table with 2 columns: Company Name and Share Price. Includes Air France, Alliance & Leicester, Aradite, BZW, Borealis, Boots, CIA (UK), CallEnergy, Dominion Resources, Dresdner Bank, East Midlands Elect, Formosa Plastics, Gels, General Motors, Granada, Hanson, ING Barings, Kwik Fit, Laing Ch Eng.

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Support on EU social policy dispute follows joint stance on action in Zaire Chirac backs UK on work rules

By David Buchan and John Knapman in Bordeaux

President Jacques Chirac yesterday indicated that France could support British attempts to amend the Maastricht treaty governing social policy if the European Court rules against the UK next week on a working hours directive...

Mr John Major, the prime minister, used the Franco-British summit to press his case that Britain's opt-out from the social chapter should exempt it from European Union regulations on a 48-hour week...



French president Jacques Chirac, his prime minister Alain Juppé (far left) and UK premier John Major, arrive yesterday at the Bordeaux summit

Industry secretary, wrote to all Tory backbench MPs vowing that the government would "see off the working time directive" if it is imposed on the UK...

The cabinet has agreed that it will veto any new EU treaty which imposed by the IGC if the imposition of the working time directive is not reversed...

specific EU working time directive. Mr Major said he was a committed European, but added: "A good European does not slide behind his colleagues... and follow the herd..."

and not "proscriptive judgment from Brussels". A British minister said the UK had drawn up proposals for next month's Dublin summit to amend Maastricht provisions to prevent employment issues such as the working week from slipping into the category of health and safety measures which can be passed by majority vote...

mit, the two leaders pledged joint and prompt action to alleviate the humanitarian crisis on the Zaire-Rwanda border, but stopped short of a commitment to deploy troops. Mr Chirac and Mr Major said any military involvement would have to be co-ordinated with the United Nations and African governments.

Italy seeks to prepare early ERM re-entry

By Robert Graham in Rome and Richard Lapper in London

Italy's centre-left government wants to speed up approval of the 1997 budget to allow an early start to delicate negotiations on the re-entry of the lira into the European exchange rate mechanism...

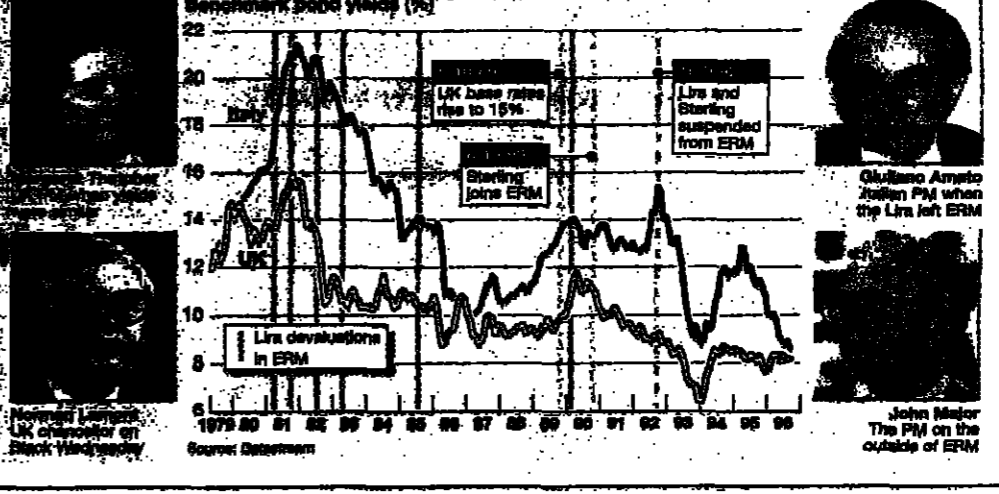
The government is prepared to impose confidence votes to push through the budget by November 17. The rightwing opposition will be protesting against the budget at a huge rally in Rome today...

could begin formal discussions on the lira's re-entry into the ERM immediately after the budget's approval. Mr Carlo Azeglio Ciampi, the treasury minister, said this week the government hoped to...

The lira yesterday was trading virtually unchanged at L1,006 against the D-Mark, though such a parity is regarded as far too competitive by the French and Germans...

On Thursday Italian 10-year bond yields fell below those offered by UK government bonds or gilts, though gilts now yield slightly less than Italian bonds.

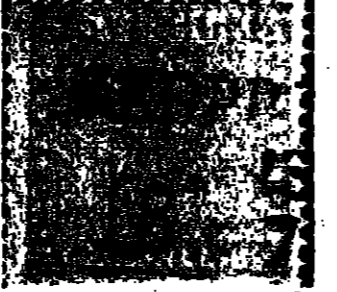
Italy closes the gap



Flawed Swedish stamp licks all others by fetching \$2.3m

By William Hall in Zurich

A piece of flimsy yellow paper, nicknamed the "Swedish error", yesterday became the world's most valuable postage stamp...



The Treaskilling yellow: The Treaskilling yellow, which has passed through the hands of some of the world's richest stamp collectors, was sold at a Zurich auction to an anonymous buyer in Sweden for a record \$2,372,872 (\$2.3m)...

was the 1856 Penny magenta from British Guiana, understood to have been bought anonymously in 1980 by Mr John du Pont for \$885,000. Mr du Pont, the eccentric heir to the US chemical fortune, is now in a mental institution and the whereabouts of the magenta are unknown...

Table of Stock Market Indices and US Long-Term Rates. Includes FTSE 100, FTSE Eurotrack 100, FTSE All-Share, Nikkei, Dow Jones Ind. Av., S & P Composite, US Long-Term Rates, US Sterling, US Dollar, and Monthly Sea Oil (Brent).

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ASIAN CURRENCY AND BOND FUND. Your cash could be working harder in Asia. Guinness Flight Asian Currency and Bond Fund allows investors to share in the growth and rising prosperity of the Asia Pacific region...

# Minister suggests choice of new airliners may be limited State clips Air France's wings

By David Owen in Paris

A public debate over the possible purchase by Air France, the state-controlled airline, of a number of new long-haul jets has raised fresh doubts about the French government's willingness to break away from a tradition of strategic industrial planning in favour of a more hands-off approach.

The debate was triggered by remarks this week in the National Assembly by Mr Bernard Pons, the transport minister, while explaining that the company was studying the organisation of its long-haul fleet, but had not yet made up its mind whether to buy from Boeing or Airbus.

Mr Pons went on to say the eventual choice would depend "not only on the interests of the company Air France, but also the interests of the other economic sectors of our country".

Not surprisingly, this has been widely interpreted as a signal that ministers are keen for any eventual order to be placed with the European manufacturer.

One group that has taken

issue with Mr Pons's remarks is the SNPL pilots' union - not necessarily the first body one would expect to defend the introduction of more Anglo-Saxon business practices in France.

In a statement released yesterday, the union said the minister's comments "highlight the ambiguity of the role of the state shareholder, which must compromise between the political reasons encouraging it to orient the choice of Air France towards Airbus and the industrial interests of Air France, whose fleet renewal strategy should be dictated solely by economic criteria".

Emphasising the need for a "coherent industrial logic" that respected the laws of the market, the union warned that the imposition of "political logic" could "place a question mark over the recovery and development of the group".

Finally, it said that any move by the state which resulted in Air France and its employees having to bear the extra costs associated with ordering an aircraft that was "not the best adapted to the needs of the

company" would risk provoking "social tension".

A union spokesman said yesterday that the statement should not be interpreted as meaning that it was in favour of selecting the US manufacturer, but that the eventual decision should be taken purely on financial grounds.

The transport ministry said it had no intention of forcing Air France to choose a particular aircraft, but it was important to recognise there could be a "difficult reaction" if the company bought only Boeings.

Senior members of the French government are exploring a controversial idea that their country's record jobless rate might be reduced by making employment slightly less "protected" by long and costly redundancy procedures.

The concept that easier firing procedures might entice French employers to respond to increases in demand by hiring more workers whom they could lay off during an economic downturn is acutely sensitive to unions. Unemployment hit 12.6 per cent in September and is forecast to rise further this autumn.

But the idea squares with statistical evidence presented by the industry department of the European Commission, which shows that employment is highest in those EU countries where the cost to employers of terminating job contracts is lower.

This conclusion has already stirred a row within the Commission, as it is likely to do in France.

Publicly, French leaders are still cautious. At the close of yesterday's Franco-British summit in Bordeaux,

President Jacques Chirac attributed the UK's better job record "less to flexibility than to sound management of public deficits". But, significantly, he said that in urging the need for constant adaptation of the French and European work force, "I am saying only that the security of workers should be protected in general", thereby leaving open the possibility of some change in France's costly redundancy procedures.

Mr Alain Juppé, French prime minister, yesterday sought to dissociate himself from a report in *Le Monde* newspaper that he had set out the need for redundancy reforms to a closed session of the national executive of his ruling RPR Gaullist party earlier this week.

But he has conceded his tenure as prime minister depends on his bringing unemployment down.

Mr François Léotard, leader of the premier's UDF coalition partner, claimed Mr Chirac had decided to ditch Mr Juppé. The president reacted by restating his "total confidence" in Mr Juppé and above all in the premier's "courage".

Such courage may require change in the French labour market.

# Paris assesses benefit of less job protection

By David Buchan in Bordeaux

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# Turkish minister quits in car crash scandal

By John Barham in Ankara

Turkey's interior minister resigned yesterday as the Islamist-led coalition government tried to distance itself from a scandal linking the police and politicians with organised crime.

Mr Mehmet Agar, a former headline police chief, quit five days after the crash of a Mercedes Benz car carrying a gangster wanted by Interpol, a senior police officer, a former beauty queen and a government MP.

Police retrieved forensic papers and seven handguns equipped with silencers from the wreckage.

The only survivor was Mr Sedat Bucak, a member of the centre-right True Path party and junior coalition partner. He is critically ill in hospital.

The accident seemed to confirm widely held suspicions of close links between senior True Path politicians, corrupt police officers and organised crime. It also casts a further shadow over Mrs Tansu Ciller, the party's leader and deputy prime minister, who is the focus of several corruption inquiries in parliament.

The scandal has embarrassed the Islamist Refah party, senior coalition partner, too.

Mr Necmettin Erbakan, prime minister, stepped to power this summer with a tacit agreement to halt the parliamentary investigations it had launched against Mrs Ciller.

However, President Süleyman Demirel has said the incident was "very serious. [Investigations] must be taken as far as they will go". Parliament has accepted an opposition demand for a censure debate on "state-mafia relations" to be held next Thursday.

However, the crash is seen by some as a pretext for Mrs Ciller to eliminate Mr Agar, whom she viewed as an increasingly powerful rival in party politics. "Tension between the two has been evident for the past three months," said one observer.

Mr Agar's stature grew further after he publicly objected to Mr Erbakan's official visit to Libya last month. His opposition appeared vindicated when Col Muammar Gaddafi, the Libyan leader, publicly insulted Turkey, causing a political uproar.

Mrs Ciller seemed to confirm this analysis. She said: "The reason I wanted him to resign has nothing to do with the [accident]. He resisted the prime minister's visit to Africa." She added that Mr Agar's daughter was very ill, preventing him from spending enough time at the interior ministry.

She has appointed Mrs Meral Akşener, a minor political figure best known for questioning loyalty to her, to replace him.

# Iliescu's heady years lose their froth Virginia Marsh finds the Romanian leader no longer feted on campaign trail

For most of the past seven years, Mr Ion Iliescu, the former senior Communist who has led Romania since 1989, has been feted by crowds of cheering workers and peasant farmers wherever he has ventured in his Balkan state.

Yesterday in Galați, a once pretty Danube town heavily industrialised under the Communists, the president's yellow campaign bus quickly moved on after some of the crowd started to hiss.

At the shipyard, workers listened but the applause was polite and brief. He fared better on the other side of town at the vast Sidex steel mill, one of Romania's largest and most favoured state companies. Its 35,000 employees are among the country's best paid, receiving on average three times a teacher's salary, and the general manager has just been elected an MP for Mr Iliescu's party. But even here, a small band of noisy supporters lived up to a generally muted audience of no more than 2,000.

The president, who only a few months ago looked to have a good chance of leading Romania into the next century, is finding his quest for a third term an uphill battle. In parliamentary elec-



No cheering crowds this time round as Iliescu bids for a third term

tions last Sunday, voters gave his Party of Social Democracy a stinging rebuff and, for the first time, elected the centre-right opposition in its place.

Mr Iliescu did better, emerging at the head of a field of 16 in the first round of voting for the presidency, but was just four points clear of his nearest rival with a second opposition candidate not far behind.

The Moscow-educated

career politician has been one of communism's great survivors. In 1990, six months after he masterminded the overthrow of the Stalinist dictator Nicolae Ceausescu, he won 85 per cent of the vote in Romania's first post-Communist presidential elections. In 1992 he was again elected without difficulty.

Once a committed Marxist, he has spearheaded Romania's rapprochement with the

west after the isolation of the Ceausescu years. He has overseen the country's cautious transition towards democracy and, after first calling for gradual change, has lately begun moving toward faster market-led reform and development of private initiative.

But yesterday, speaking to the workers, Mr Iliescu sounded like a man still preoccupied by class war.

"I come from a family of

simple people and I know what it means to work, to do physical work," he said, dressed in an anorak and wearing a flat cap. "There are no businessmen in my family, all are employees and know what it means to defend the interests of the small people."

With the parliamentary elections already lost and his party's programme rejected, his message is overwhelmingly negative. It aims to arouse fear of what might happen to Romania if the presidency also falls in the run-off on November 17 to an opposition he claims is dominated by unbridled capitalists and monarchists, remnants of a ruthless pre-Communist elite.

"The [opposition] programme makes demagogic promises but what they are really giving us is the Romania of 1948, a Romania that was a monarchy," he said, standing astride a platform in the shipyard. "They want to break up the state farms, former royal lands, that now provide most of the country's food. They want to bring back the big landowners. November 17 is the last chance for the people."

In fact it is the president who sounds old-fashioned. An average figure in his speeches yesterday he likened the voters who ousted his party to children upset with parents, who refused to give them what they wanted but, instead, took care of them by starting unpopular but much needed change.

This type of rhetoric still has some resonance in the countryside where mainly peasant farmers live and work in generally primitive conditions.

Some here, especially the old who form the largest part of the rural population, fear the opposition might take back land that was handed out under a 1991 restitution law. Exit polls from last Sunday indicate Mr Iliescu won more than half the votes of peasant farmers and 42 per cent of the over-65s, while the opposition candidates won the overwhelming support of city dwellers, the young and private business.

But in Galați, the workers, many of whom say they voted for Mr Iliescu and his party in 1992, feel let down by a president and a government that promised higher wages, better welfare and to improve living conditions.

"Mr Iliescu is himself behaving as if he is on a royal visit," said one worker at the shipyard where the average monthly wage is less than \$100. "He should come inside and see the conditions in which we work."

Few workers held out much hope that Mr Iliescu's opponent, Mr Emil Constantinescu, an academic, would be much better. "All the politicians come here and praise our work. No one talks about pay rises," said a steelworker. "But we've had this president for seven years. I think it's time to give someone else a try."

# Brussels clears disputed report - minus graphs

By Neil Buckley in Brussels

The European Commission will next week publish a controversial report on European competitiveness, but without two disputed graphs apparently showing that tight labour led to higher unemployment.

The Brussels executive is also downgrading the status of the report, originally intended to be an official Commission communication, to an "internal discussion document" - effectively refusing to put its name to it.

The report has provoked a row within the Commission, reflecting an ideological rift over whether more jobs are created in flexible, deregulated markets, or in those with strict employment regulations. The dispute had raised questions as to whether the report would be published at all.

The decision to publish without the two graphs marks a partial victory for the Commission's pro-regulation social affairs directorate, headed by Mr Padraig Flynn, over more free-market commissioners such as Sir Leon Brittan, trade commissioner, and Mr Martin Bangemann, industry commissioner.

But, reflecting the sensitivities over the report, the offending graphs were yesterday made available unofficially to journalists.

Mr Jacques Santer, Commission president, who has made job creation a priority, was angered by media reports that the executive was attempting to censor or suppress the report, and ordered its publication to scotch what a spokesman called "absurd" suggestions.

The spokesman insisted the report had always been an "inter-service discussion document".

"Usually we don't publish this kind of document. But, given the intense interest, we have been instructed to make this paper available," he said.

The Commission's indus-



Padraig Flynn: publication is a partial victory

try directorate, which published a summary of the report's findings last month, intended it to be adopted by the 20 commissioners as an official communication. Industry bodies also wanted it published officially as part of the debate over restructuring European economies.

The spokesman added that the graphs - published in the *Financial Times* yesterday - were being omitted as the correlations they showed between labour regulation and employment, and dismissal costs of workers and employment, were "very weak".

He said the graphs used "synthetic indices" of regulation, constructed from approximate and subjective ratings of five categories of employment legislation.

But the rest of the employment chapter in which the graphs were due to appear would be published.

"You will see that the basic message is that there is difficulty creating employment when there is rigid legislation. The Commission has sent out this message several times," the spokesman said.

The row has come at a sensitive time, with the European Court of Justice expected on Tuesday to rule that the UK must come into line with EU law imposing a maximum 48-hour working week.

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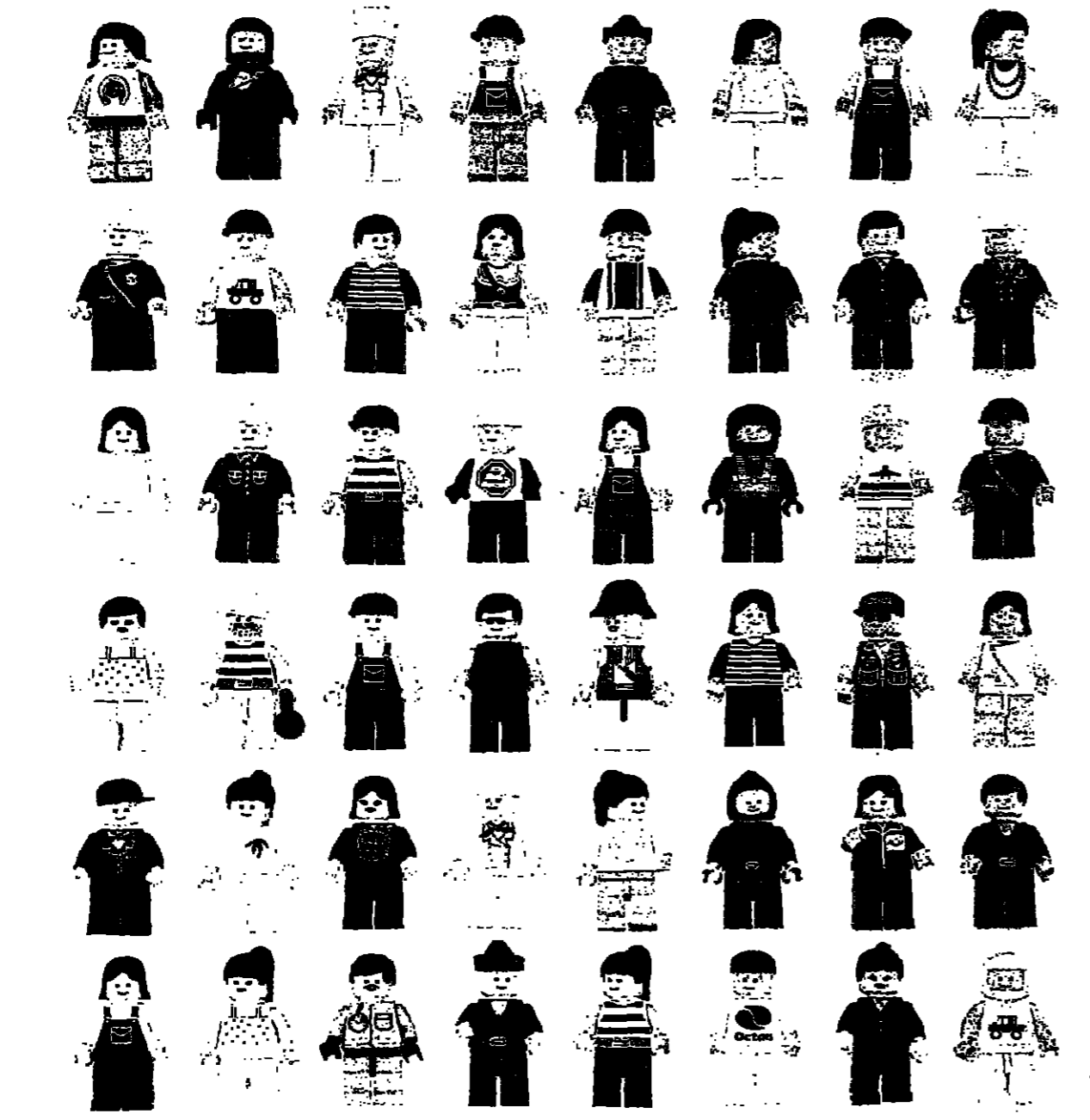
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## SPOT THE REFUGEE

There he is. Fourth row, second from the left. The one with the moustache. Obvious really.

Maybe not. The unsavoury-looking character you're looking at is more likely to be your average neighbourhood slob with a grubby vest and a weekend's stubble on his chin.

And the real refugee could just as easily be the clean-cut fellow on his left.

You see, refugees are just like you and me.

Except for one thing.

Everything they once had has been left behind. Home, family, possessions, all gone. They have nothing.

And nothing is all they'll ever have unless we all extend a helping hand.

We know you can't give them back the things that others have taken away.

We're not even asking for money (though every cent certainly helps). But we are asking that you keep an open mind. And a smile of welcome. It may not seem much. But to a refugee it can mean everything.

UNHCR is a strictly humanitarian organization funded only by voluntary contributions. Currently it is responsible for more than 19 million refugees around the world.

UNHCR Public Information P.O. Box 2500 1211 Geneva 2, Switzerland



United Nations High Commissioner for Refugees

# German ministries face big federal budget cuts

By Peter Norman in Bonn

Germany's social affairs, transport and economics ministry budgets are among those facing significant cuts next year in an attempt to reduce federal spending by DM3bn (\$1.98bn) and prevent the 1997 federal budget deficit rising above the already agreed DM56.5bn.

Mr Peter Hausmann, the Bonn government spokesman, said "far reaching agreement" on the cuts was achieved yesterday in an

emergency meeting of ministers chaired by Chancellor Helmut Kohl. Further talks are scheduled for late tomorrow and among the parties of the Bonn government coalition on Monday.

The social affairs ministry has been asked to save DM1bn and transport about DM450m. Spending cuts of DM260m are envisaged in the economics ministry budget, while Mr Volker Rübe, the defence minister, spoke yesterday of DM200m in new defence cuts.

The DM3bn cuts, which will affect all ministries, are required to offset weak tax revenues. Official estimates published yesterday pointed to shortfalls in federal tax income of DM3bn this year and DM5bn next year compared with estimates published last May.

The total tax income of the federal, state and local authorities is expected to fall by 1.1 per cent to DM805bn this year before rising by 2.1 per cent to DM822.2bn in 1997.

Iraq  
Veltin  
to new  
German  
Jetturum  
Singapore

# Iraq explains sanction-busting plans

By Roush Khatari in Baghdad

Iraq's ability to circumvent sanctions has expanded trade with the outside world and stemmed the decline in economic growth since the 1990-1991 Gulf war. Mr Hikmat Ibrahim al-Azzawi, Iraqi finance minister, said yesterday.

"We have to endure and have patience but we have overcome the worst period under UN sanctions," he said in an interview with the FT.

Iraq's economic policy, according to the minister, assumes that the economic, financial and military sanctions imposed since the war will not be lifted "for a long time".

Therefore, Iraq looks for ways to co-exist with the sanctions by investing available resources in the agricultural sector, in industrial projects which guarantee to generate early revenue, and

circumventing sanctions by gradually opening up channels of unofficial trade.

The Iraqi regime appears to be aiming to create a momentum for trade which renders the sanctions "pointless". Baghdad hopes a gradual breaching of sanctions will lead countries that have

## 'We have to endure but we have overcome the worst period under UN sanctions'

suffered from the closing of the Iraqi market to argue at the UN that they should be given an exemption from the sanctions and allowed to trade officially with Iraq. Jordan is the only country which received such an exemption when the embargo was imposed.

Dressed in military uniform and declaring Iraq still

in a state of war, Mr al-Azzawi said statistics were a matter of national security and thus economic indicators could not be revealed.

But since the Gulf war, the Iraqi economy has been largely reduced to a government sector with the main task of running a welfare system which provides a ration pack to the Iraqi population. The private sector meanwhile engages in illegal trade, distribution of goods and black market foreign exchange trading.

The unofficial sector has revived Baghdad markets with foreign goods smuggled mainly through Turkey and Iran. "We still import, even

from Kuwait," said Mr al-Azzawi. "No place is not allowed."

The main problem for the Iraqi regime is finding enough foreign currency to buy the mostly-imported goods in the ration pack. Mr al-Azzawi said government revenue was derived from many sources such as remittances from abroad and continued exports of some goods, including oil. Small quantities of oil are known to be shipped through the Gulf while diesel fuel is sent through Turkey on trucks.

Mr al-Azzawi claimed Iraq was now producing and even exporting a type of fertilizer which requires "limited government intervention on the black market raised demand for dollars, and drove the dinar rate on the black market to a record 3,000 dinars to the dollar. The rate is now around 1,700; the official rate is 3.5. The 1995 budget crisis is

gradually," he said.

Mr al-Azzawi said the central government had the ability to control both the thriving black market and the smuggling. "Smuggling is one way of trading, its channels are varied and it has contacts with the central government," he said.

The Iraqi central bank, meanwhile, intervenes on the black market to retrieve dollars when the government has a foreign currency shortfall, printing dinars and accelerating inflation. At the end of 1995, the Iraqi government, according to western diplomats in Baghdad, was \$1bn short of its budgetary needs. Heavy government intervention on the black market raised demand for dollars, and drove the dinar rate on the black market to a record 3,000 dinars to the dollar. The rate is now around 1,700; the official rate is 3.5. The 1995 budget crisis is

believed to be the main reason that led Iraq this year to accept UN Resolution 986, allowing it to sell \$2bn of oil in a six-month period to buy food and medicine, thus releasing the foreign exchange it now receives through other means. Iraq had for a whole year attacked the resolution as an infringement on its sovereignty.

The so-called oil-for-food deal, however, was put on hold in September, after President Saddam Hussein sent troops to the Kurdish "safe haven" in northern Iraq to assist one Kurdish faction in recapturing the administrative capital of Erbil. Mr al-Azzawi dismissed speculation in some western capitals that Iraq was no longer interested in implementing the deal. "There are renewed contacts with the UN and our position has not changed," he said.

# HK hopefuls get close-ish to the people

By John Piddling in Hong Kong

There are some unfamiliar faces these days on Hong Kong's buses and underground trains and in its cramped housing blocks. Candidates to succeed Mr Chris Patten as governor after next July's handover to China are seeking the common touch — and are fumbling to find it.

Sir Ti Liang Yang, the dapper former chief justice, says "just call me mister" and took to the bus last week for the first time in 20 years. Mr Simon Li, a former appeals court judge from a wealthy family, rode on the mass transit railway a few days ago, flashing his HK\$20 (£2.50) senior citizens ticket.

Mr Tung Chee-hwa, the shipping tycoon, talks with unionists and so-called "grassroots" organisations. Mr Peter Woo, former head of two of the territory's biggest business groups, sometimes goes to Kowloon by the Star Ferry, says an aide.

On the lower deck, mind, not first class. Mr Li's ride on the subway was a quicker affair. After one stop he resurfaced at Tsim Sha Tsui for lunch at the Peninsula, the exclusive Kowloon hotel.

Following a meeting with the New Territories Association of Societies, a grassroots organisation, Mr Tung admitted his understanding of the sector was inadequate. But he is not alone. "You can say the same for all of the candidates," noted one union official. "This is a new world to them."

## INTERNATIONAL NEWS DIGEST

# Yeltsin moves to new hospital

Mr Boris Yeltsin, the Russian president, yesterday moved out of the hospital where he underwent a quagmire heart-by-pass operation on Tuesday, returning to the more familiar surroundings of Moscow's Central Clinical Hospital. The move suggests Mr Yeltsin is making a strong recovery from his operation, with doctors predicting the 65-year-old president should be able to resume a full workload within weeks.

Mr Yeltsin has already been visited by Mr Victor Chernomyrdin, prime minister, and Mr Anatoly Chubais, chief of the presidential staff, as well as close relatives. In a break with normal practice, the Kremlin's press service has provided detailed information about Mr Yeltsin's health since the operation. *John Thornhill, Moscow*

# German exports increase

German exports continued to grow at a faster rate than imports in August, reflecting muted demand at home and buoyant export markets. But an increased visible trade surplus so far this year has failed to pare the country's current account balance of payments deficit. According to provisional figures from the Federal Statistical Office, exports in August jumped 2.6 per cent to DM58.4bn (£28.5bn) compared with August last year, while imports, at DM50.2bn, were only 0.5 per cent higher. Exports in the first eight months of the year totalled DM509.2bn, a rise of 4 per cent over 1995, while imports rose 2.9 per cent to DM445.4bn. Germany recorded a current account deficit of DM4.6bn in August despite a visible trade surplus of DM3.1bn. *Peter Norman, Bonn*

# Jerusalem mayor charged

An Israeli court has filed charges against Mr Ehud Olmert, mayor of Jerusalem, who holds one of the most powerful and influential political posts outside the cabinet. Mr Olmert, a member of the conservative Likud-led coalition headed by Mr Benjamin Netanyahu, the prime minister, is being charged with misleading the State Comptroller, or auditing body, in the 1988 election campaign. During the campaign, Mr Olmert, then one of Likud's two treasurers, allegedly set up two fictitious advertising agencies in a bid to raise funds for the party. Those who donated, received invoices from the phantom agencies which they could later use to write off against tax. Under Israeli election law, direct or indirect corporate contributions to political parties are banned.

Mr Olmert, a lawyer by profession and a close ally of Mr Netanyahu, said he was innocent of all charges and rejected calls by the opposition Labour party to give up his office temporarily during the trial, whose date has not yet been announced. But the prosecution has submitted over 100 witnesses — including two former Likud ministers — in its determination to bring Mr Olmert to trial. *Judy Dempsey, Jerusalem*

# Singapore growth slows

Singapore's economic growth rate this year is slowing significantly as a fall in asset values combines with a poor performance by the island's electronics manufacturing sector. The economy, which grew by 3.2 per cent in the third quarter, is now officially predicted to expand at 3 per cent this year — down from an earlier forecast of 7 to 8 per cent. Last year, Singapore's economy grew by 8.3 per cent.

In the latest item of bad news, the ministry of trade and industry said yesterday that the manufacturing sector contracted a real 4.3 per cent in the third quarter. This fall was steeper than economists had expected. The global slump in demand for electronics goods had badly hit the island's manufacturing sector, but economists said it is now equally clear that property and other asset values — once considered a bulwark of growth — have settled into a decline. *James Kyngie, Kuala Lumpur*

# Death hits Polish reforms

Poland's plans for a radical pension reform have suffered a setback with the sudden death of Mr Andrzej Baczowski, labour minister, who supported a switch from a pay-as-you-go to a privately-managed investment fund-based system. Mr Baczowski, 41, died of a heart attack on Thursday evening. He had headed a pension reform task force which had promised to finish work on the main outlines for the new system by mid-January. Delays are now inevitable as Poland's feuding governing coalition searches for a successor. The new system will oblige job market entrants to save for pensions through privately-managed investment funds. Present wage earners will have a choice of staying in the old system or moving to the new.

■ Cargo handlers at Thai Airways International returned to work after a two-day stoppage which disrupted nearly three-quarters of all cargo shipments out of Bangkok's busy Don Muang airport. *Ted Bardsley, Bangkok*

■ Guatemalan President Alvaro Arzu has told peace negotiators to resume talks with the leftwing URNG guerrillas after the government broke off UN-brokered talks on October 28. *Johanna Tuckman, Guatemala*

# Son goes down in Taiwan's biggest industrial group

Taiwan's most closely watched family feud erupted in a very public drama this week as the patriarch of the country's biggest industrial concern expelled his eldest son and heir apparent from the family business.

Amid analysts' warnings that the giant Formosa Plastics group faced "complete chaos", Mr Wang Yung-ching, who turns 80 next month, accused his son Winston of lacking that vital Confucian value "filial piety" — unwavering devotion to parents — and left a question mark hanging over his succession.

When Winston returned from a year's exile in the US imposed — ostensibly for refusing to end an extra-marital affair — by the group's self-made authoritarian founder, a widely expected reconciliation gave way to what now looks like a permanent rupture.

The Wang family's troubles are not unlike those confronting many businesses across Asia as they grapple with the transfer of control from founding to second-generation, a process often made trickier by their complex personal lives.

The 45-year-old scion had been a senior executive at Nan Ya Plastics, the petrochemicals-to-electronics group's largest listed company, but is now determined to launch his own business group.

Armed with an advanced degree from London University's Imperial College, the self-described "professional manager" is philosophical about leaving the family businesses where he has worked for 18 years. "There are times in life when you have to recognise that your value system was wrong, that you were heading the wrong direction," Winston said in an interview. "Then you have to give up, let go and start again. And not look back."

His Grace THW Group ("trust, hard work and warmth"), named after his adopted 10-year-old daughter, has raised more than \$250m to build six plastics and electronics factories in China. Winston has also raised



Founder Wang Yung-ching (left) has sacked his son Winston (right). Wang senior's third wife, Li Pao-chu (centre), is believed to have helped push him

\$200m for a planned semiconductor plant.

The facade of family harmony began to decay in May 1995 when Mr Wang senior's mother died at the age of 108, pressing the disintegration of the family into feuding factions squabbling for power. "As soon as my grandmother passed away, I knew that was it. I had to go. She was the one who held the whole family together," Winston said.

The new power behind the throne at the palace of Formosa Plastics is Mr Wang senior's favourite, Li Pao-chu, best known by her title

# Family feud at Formosa Plastics is rivetting the nation, writes Laura Tyson in Taipei

san niang, or third wife. Unfortunately for the Wang family and its sprawling businesses, San Niang is not the unifying force her mother-in-law once was.

Believed to be in her 60s, she, like her husband, has little formal education but rose from barmaid to chief adviser to the country's most prominent tycoon. She holds no formal position in the group but wields enormous power not only through her influence over her husband but also through her four daughters, who hold key posts.

Industry analysts say that the exit of Winston, generally regarded as the brightest and most capable among the second generation, leaves a shroud of uncertainty over the group's future. "If Y.C. [Mr Wang senior] dies in the next few years, the company will be complete chaos," said Mr Thomas Chien, who heads the Taiwan offices of brokerage HSBC James Capel. "At the moment there is no strong candidate to take over except San Niang. Maybe someone will eventually emerge as the leader of the group, but the process is

But Mr Wang senior insists he is trying to "turn iron into steel", a Chinese saying which means to treat someone harshly to make them reach their potential. Calling his son "a hot-house flower that was not nurtured properly" he told Taiwan media: "I made him leave the company because I wanted him to change his ways, not to put on a show for others to watch. A man must be ambitious; he must also know right from wrong. Everyone can make a mistake. But Wang Wen-yang [Winston] knows he is wrong and still he refuses to change. Formosa Plastics is a public company, not a Wang family company. It is unreasonable to think that my son is the best, that I must give the company to him."

Father and son cut off all communication a year ago, when Mr Wang senior barred Winston and his sisters from entering his house or office. "He is an old man," said Winston. "Whatever makes him happy, that is what is important." "People are quite surprised," said Mr K.C. Kao, a securities analyst at brokerage ING Barings Taipei offices. "The consensus was that after a year's probation, Winston would be allowed to return to the company and carry on as before. But it is very difficult to analyse this company as an outsider."

# UN accord near on Zaire

By Michela Wong in Gisenye, Rwanda, Michael Littlejohns at the UN and John Kampfer in Bordeaux

The United Nations Security Council was expected to adopt a resolution last night authorising the deployment of a multinational force to halt the refugee crisis in Zaire.

Separately, France and Britain yesterday held open the prospect of a multilateral deployment of troops to the Zaire-Rwanda border, calling on the UN to co-ordinate the relief effort. But a big obstacle to intervention remains Rwanda's opposition to participation by France, whose intervention in Rwanda in 1994 was perceived as favouring the ousted Hutu-dominated government.

"A French presence would complicate matters rather than solve the problem we

are facing," President Pasteur Bizimungu told a news conference in the Rwandan capital, Kigali, attended by the UN special envoy, Mr Raymond Chretien.

Earlier in Bonn, Mr Anastase Gasana, Rwandan foreign minister, said any international force deployed in east Zaire would have to be part of a mixed force with African troops, and must above all be neutral.

Rwanda, through which key supply routes to eastern Zaire pass and which supports rebels whose advances in Zaire have sent the refugees fleeing, is crucial to any rescue operation.

In a joint communiqué issued at the end of their summit in Bordeaux, President Jacques Chirac and Mr John Major, UK prime minister, said the two governments agreed on the need for immediate action to stem the humanitarian crisis.

Mr Major dismissed suggestions of differences with Mr Chirac on the issue, although his commitment to military intervention fell short of a joint French and Spanish proposal earlier this

week to dispatch 5,000 soldiers.

"I don't rule out the option of assisting in that way," Mr Major said, "but I say that at the moment it is premature."

Mr Chirac has insisted on collective action to prevent a repeat of controversy surrounding France's unilateral peacekeeping action in the region in 1994 following the massacre of Tutsis by the Hutu-backed government.

The dangers of international intervention were highlighted yesterday, the long-delayed showdown between the Hutu extremists responsible for Rwanda's 1994 genocide and the Tutsi-dominated administration in Kigali, seemed imminent as Zairean rebel forces it supports surrounded a sprawling camp in east Zaire.

declared this week by Tutsi-dominated rebel forces who now control most of Zaire's Kivu region collapsed on Thursday as mortar explosions and gunfire crackled across Mugunga and smoke billowed from the camp.

Yesterday morning the area was quiet, but by the afternoon fires could be seen raging across the hills. If the hardliners have decided to fight their corner, Mugunga would be the natural place to do it.

Before the latest conflict the settlement was known as a "military camp" holding hundreds of defeated Rwandan soldiers, many still in their uniforms. General Augustin Bizimungu, former Rwandan army chief of staff, at one stage had his headquarters there and his workers knew recruitment and military training were taking place in preparation for an invasion of Rwanda.

■ Three Spanish priests were killed on Thursday night in the war zone near the Zairean city of Bukavu, a Spanish foreign ministry spokesman said yesterday. Reuter reports from Madrid.

# ETBA FINANCE FINANCIAL & ECONOMIC SERVICES S.A. (Former GREEK EXPORTS S.A.)

## ANNOUNCEMENT OF A THIRD INTERNATIONAL PUBLIC AUCTION TO THE HIGHEST BIDDER FOR THE SALE OF THE TOTAL ASSETS OF THE COMPANY "INTERNATIONAL TOURIST INVESTMENTS S.A." CURRENTLY UNDER SPECIAL LIQUIDATION

ETBA FINANCE FINANCIAL & ECONOMIC SERVICES S.A., established in Athens at 1, Erostochous & Vias, Constantinos Surlas, in its capacity as special liquidator, in accordance with Decision No. 743/1996 of the Athens Court of Appeal, of the above company which is currently under special liquidation as per article 46a of Law 1892/1990 as in force, and following the resolution dated 21/09/96 of ETBA S.A., the creditor as per para. 1 of article 46a of Law 1892/1990.

A third international public auction to the highest bidder, with sealed, binding offers, for the sale of the total assets of "INTERNATIONAL TOURIST INVESTMENTS S.A." (the host "IPOCATIOUS MELATHRON"), a company established in Athens under the laws of Greece and currently under special liquidation, is being held on the island of Cos, on a building plot 71,440 sq. m. It consists of three independent buildings totalling about 19,941 sq. m. in area (the main building; the Melathron-Festoon building; and a building which consists only of a reinforced concrete skeleton) which are functionally connected to each other. The land, which lies about 100 metres from the sea, contains an entrance hall, a reception area, a lounge, administrative offices, a conference hall, restaurant, taverna, bar, discotheque, swimming pool, heated indoor pool and open-air pool with children's pool, sauna, gym, night club, tennis court, small children's playground and biological sewage treatment installation. The hotel's official capacity, according to its special warrant, is 315 beds in 170 rooms. However, according to an on-the-spot inventory, 422 beds were found in the hotel's buildings in 201 rooms. Beyond the hotel complex, the company's assets also include a plot of land totalling 50,330 sq. m. in the Karamanli Community area of the island of Cos.

- ### TERMS OF THE AUCTION
- The Auction will be carried out in accordance with the terms of article 46a of Law 1892/1990 as supplemented by article 14 of Law 2300/1995 as in force today; the terms contained in the present Announcement and the terms contained in the relative Offering Memorandum, regardless of whether they are repeated or not in the Announcement. The submission of a binding offer implies acceptance of all these terms.
  - For fuller information on the company for sale interested parties may receive, following a written promise of confidentiality, the detailed Offering Memorandum and may ask for any further information.
  - In order to take part in the Auction, interested parties are invited to submit a sealed, binding offer and the guarantee provided for entering the Auction, to the liquidator, Mr. Alexander Grigoropoulos-Yannopoulos, 34 Panepistimiou Street, 2nd floor, tel. (301) 3645173 or 3632582, up to 12:00 noon on Friday, 29 November 1996. Offers must be submitted in person or by a legally authorized representative. Offers submitted beyond the time limit will not be accepted or taken into consideration. Offers must not contain terms upon which their bindingness may depend or create ambiguities with respect to the offered price or its manner of payment, or with respect to other essential points. The liquidator and the creditor have the right, at their incurable discretion, either to reject offers containing such terms or exceptions, even if the offered price is higher than any other, or to consider such terms as not having been made, in which case the offer remains binding with respect to its remaining content.
  - Offers must be accompanied on penalty of invalidity, by a letter of guarantee from a bank legally operating in Greece to the amount of twelve million drachmas (Dr 12,000,000) as per specimen contained in the Offering Memorandum. This letter of guarantee will be valid until its return to the Guarantor Bank.
  - The offers will be opened by the above-named guarantor bank at his offices at 14:00 hours on Friday, 29 November 1996. Parties having submitted offers within the prescribed time limit may attend.
  - The highest bidder shall be the party whose offer will be deemed by the creditor, ETBA S.A., following the proposal of the liquidator, as being the most satisfactory for the creditors of the company under liquidation.
  - Offers must clearly state the offered price, the manner of payment and, in the event of part payment on credit, whether interest will be calculated or not, the offered rate and the guarantee provided for entering the Auction. It is noted that 8. Part credit is acceptable only on condition of advance payment, on a signature of the sale contract, of at least 20% of the offered price. Offers which do not abide by the above condition will be rejected.
  - The following are essential guidelines for the evaluation of the offers:
    - the amount of the offered price, the manner and time of payment and, particularly, the amount of the advance payment;
    - the guarantees provided for payment of the balance on credit and
    - the creditworthiness and reliability of the interested party.
  - The elements of the company's assets are being sold and will be transferred "as is and where is" and, particularly, in their actual and legal condition and where they are situated on the date of signature of the sale contract. The liquidator and the creditor are not responsible for any legal or accounting or other deficiencies of any kind in the objects for sale, nor for any incomplete or inaccurate description of them in the Offering Memorandum.
  - In the event that part payment is offered on credit, the present value will be taken into account and will be calculated at the rate of interest in force, at the time of submission of the offer, for interest-bearing Greek State bonds of one year's duration.
  - In the event that the party to whom the assets of the company for sale have been adjudicated does not fulfil his obligation to be present at the time and place indicated in the relative invitation of the liquidator, to sign the relative contract or abide by the obligations arising from the present Announcement, then the above amount of the letter of guarantee is forfeited to the liquidator and the creditor, in order to cover expenses of all kinds, time spent and any real or paper loss suffered by them, with no obligation on their part to provide specific proof, or consider the forfeiture as a penalty clause, and collect the amount from the guarantor bank.
  - The liquidator has no liability or obligation vis-à-vis participants in the auction, both with respect to the drafting of the contract or the offer, and to his proposal of the highest bidder. Also, he is not liable and has no obligations towards the participants in the event that the auction is cancelled or declared invalid, if its results are not satisfactory.
  - Participants in the auction who have submitted offers do not acquire any right, claim or demand, from the present Announcement or their participation in the auction, against the liquidator or the creditors for any cause or reason.
  - The expenses for the transfer of ownership of the assets for sale (taxes, fees, rights and other expenses) are to be borne by the buyer.
  - The present announcement is in Greek and translated into English. In any event however, the Greek text will prevail.
  - For any information and for receiving the relative Offering Memorandum, interested parties may apply to the office of the liquidating company at 1 Erostochous and Vias, Constantinos Surlas, 4th floor, Athens, Greece, tel. (301) 7260210, 7260276 and 7262808.

# Strategy to reduce settlement risk may threaten liquidity pool

## Banks fear \$16bn cash shortfall

By George Graham, Banking Correspondent

Efforts by the Bank of England, the UK central bank, to reduce risk in the UK's securities settlement systems have thrown up a potential \$16bn cash shortfall in the nation's banking system.

Commercial banks are worried that they may not own enough liquidity to allow them to adopt the system of instantaneous real-time settlement favoured by the Bank with

out changing the way they do business.

The Bank is anxious to move settlement, especially for the £100bn a day gilt-edged government bond market, away from the current system in which banks keep a running tally of how much they owe each other and pay over the net amount at the end of the day.

That means, in effect, that they are extending credit to each other during the day. As a result, if one bank failed, it could have severe

effects on the rest of the banking system - and possibly leave the central bank to pick up the bill.

Earlier this year, the UK's main system for high value payments, CHAPS, moved to a real-time system in which payments are credited instantly, instead of being stored up for the end of the day.

The Bank now wants to move the Central Gilt Office, which settles transactions for the gilt market, on to a similar system, in which gilts are transferred to a

buyer at exactly the same time as the cash payment is credited to the seller.

"The fundamental issue here is not to let go of one side of the transaction until you are sure of receiving the other," said Mr John Trundle, head of payment and settlement policy division at the Bank.

The problem, however, is that banks need much more liquid money to settle up gross sums throughout the day than they do if they are just paying over a net balance at the end of the day.

Preliminary, very sketchy calculations estimate that the banking system could need around \$25bn in liquidity - cash or government stocks which can be readily turned into cash through a sale and repurchase agreement with the Bank - to cope with the daily flows through the Central Gilt Office, which handles gilts market settlement.

What is estimated to be about £10bn more than the banks normally have readily accessible in their liquidity pool.

# Sluggish property recovery predicted

By Simon London, Property Correspondent

The commercial property market is expected to recover only sluggishly, with values rising by little more than the rate of inflation in each of the next two years, the Royal Institution of Chartered Surveyors and the London Business School predicted yesterday.

Their survey suggests that the property market recovery in Britain will be more muted than those of the 1970s or 1980s. Prices of shops, offices, factories and warehouses are forecast to increase by 4 per cent next year and 4.5 per cent in 1998.

Property values are likely to show virtually no increase during 1996, mainly because rents are either static or falling in many sectors of the commercial market.

The forecast comes against a background of growing optimism among property professionals and investors. A recent survey of confidence by the institution among chartered surveyors found the greatest degree of optimism since 1994.

Property company shares have outperformed the equity market this year as investors have anticipated a strong recovery in rents and values. While the majority of the commercial property market is showing lacklustre performance, some sectors are performing well.

Office rents and values in central London are on a strongly rising trend because of a shortage of vacant modern space. As a result, development activity in the City is at its highest since the late 1980s. Retail property - especially in big shopping centres and retail warehouse parks - is in wide demand.

The latest forecast is marginally more optimistic than the institution's previous prediction in May this year.

# UK NEWS DIGEST

## Reuters starts Scottish index

The world of stock market indices is set to become more crowded with the launch of two new benchmarks - by Reuters and HSBC James Capel.

Reuters/Scottman 50 index will consist of companies which are registered, have headquarters, or conduct their core business in Scotland. Apart from such obvious inclusions as Scottish & Newcastle and the Scottish utilities, the index includes Kwik Fit, the car repair company, and Stakis, the hotel group.

The other new benchmark is the Reuters/HSBC James Capel 150 index, which will cover the largest 150 companies. This will be broader-based than the FTSE index (Footsie) and have a greater weighting in utilities because a number of water and electricity stocks are just too small to qualify for Footsie. The new indices will be available on Reuters terminals.

Philip Coggan

## ■ LLOYD'S OF LONDON

### Dollar surpluses 'will be paid'

Lloyd's of London yesterday moved to stem criticism that it had failed to pay profits to up to 12,000 Names entitled to surpluses on business conducted in US dollars.

The payments are part of the complex \$2.3bn (£5.3bn) settlement designed to revitalise the market. Mr Ron Sandler, chief executive, said the "overwhelming majority" would be paid by the end of the month - well within the timetable laid down in the market's settlement document. He said some Names, the individuals whose assets traditionally support the market, may not have read the document fully.

Payments of dollar surpluses were complicated by the need to work with US regulators and to distinguish them from sterling surpluses. He added that, thanks to "misinformation", it appeared some Names had become worried that they would be paid late or even not at all. He said the surpluses were being audited and that the late payments would not be repeated.

Jim Kelly

## ■ UNIVERSITY DISPUTE

### Teachers to join shutdown

Universities and colleges face a one-day shutdown after unions representing 100,000 staff ranging from professors to cleaners yesterday rejected a 1.5 per cent pay offer.

The stoppage on November 19 would mark the first time blue- and white-collar university workers have taken joint industrial action. The ballot was conducted by the Higher Education Pay Campaign, a co-operative group of eight unions representing academic, administrative and auxiliary staff.

"We have created the equivalent of 50 new universities over the past decade and are rewarded with a pay cut," said Mr David Triesman, general secretary of the Association of University Teachers.

The pay offer - comprising a 1.5 per cent increase for academics, technicians and administrators and 2.5 per cent for other staff - was made by the Universities and Colleges Employers Association, the body which conducts pay-bargaining with unions on behalf of the Committee of Vice-Chancellors.

Liam Halligan

## ■ BARINGS BANK

### Former manager issued with writ

ING Barings has issued a writ against Mr Ron Baker, the former head of derivatives trading at Barings, claiming repayment of a £100,000 (£163,000) loan. It claims that Mr Baker failed to repay a loan made in two stages before Barings collapsed. The bank has issued a writ claiming repayment of £113,000, comprising the loan and interest. Barings declined to comment on the case, although the loan is thought to have been a standard internal loan to a director.

A tribunal of the Securities and Futures Authority has just completed a two-week hearing of a disciplinary case against Mr Baker, who faces a possible ban from working in the City. The tribunal is thought to have deferred judgment.

John Gapper

## ■ EMBASSY FRAUD

### Accountant 'diverted' \$542,000

A Jordanian accountant at the British embassy in Amman diverted 23 pensions of dead government employees into his own account over a period of 15 years, the National Audit Office disclosed.

The Overseas Pensions Department failed to spot the fraud until 1992 even though several of the deceased pensioners would by then have been nearly 100 years old. The total amount which was lost is estimated to be £233,000 (\$542,750).

David Wighton

## ■ PUBLIC TRANSPORT

### Italian company in tram project

Control of the 30km tram system in the northern England city of Manchester is set to change hands after a consortium consisting of Sotco, a traffic management group, Laing Civil Engineering and Ansaldo of Italy was selected as preferred bidder for a 7km extension. The three companies, which form the Altram Consortium, were yesterday chosen from a shortlist of three bidders to take on a 17-year concession to build and operate the £100m (£168m) extension. They will also take over operation of the existing network.

Charles Batchelor

# Australia refuses to issue visa to Adams

By Nikid Tait in Sydney

Australia's conservative federal government yesterday refused entry visas to Mr Gerry Adams, president of Sinn Féin, and Mr David Irving, the rightwing British historian, Sinn Féin is the political wing of the Irish Republican Army.

Mr Philip Ruddock, federal immigration minister, said that both applications had been considered on their individual merits, and in the light of the standard requirement that applicants "be assessed for good character".

The decision on Mr Adams, which was considered more surprising, was justified on the grounds that he is "associated with an organisation which has been or is involved in criminal conduct" - namely, the IRA.

Mr Adams had been due to visit Australia next week as part of a promotion for his autobiography, Reed Books, the Melbourne publisher, said that the book was of



Global reach: Sinn Féin has support in many countries, especially those with large communities of Irish origin. Gerry Adams is pictured here on a visit to Washington with Mairead Keane, the party's representative in the US capital.

great public interest. "The Australian public has been denied the opportunity to hear Mr Adams discuss and debate the book's contents in person."

The decision was also attacked by Irish groups, with some blaming British government lobbying. The Australian Aid for Ireland organisation pointed out that Mr Adams continued to have access to the US and to White House officials.

"Let me make it very clear - applicants with comparable criminal records are routinely refused by my department, consistent with the law," said Mr Ruddock.

In the case of Mr Irving, he cited factors including deportation from Canada, expulsion from Germany and a brief jail sentence in Britain for contempt of court. He concluded that Mr Irving "is not a person of good character".

# Profits 'under threat from shares reform'

By Jim Kelly in London

Plans to stop a small group of companies using a loophole to inflate profits by undervaluing shares could knock tens of millions of pounds off the profits of Britain's 100 largest companies.

The warning was issued yesterday by Proshare, an organisation which promotes share ownership.

The UK's Accounting Standards Board's urgent issues task force is due to meet next week to consider whether to go ahead with the plans - originally designed to stamp out what was seen as a rare, but growing, abuse.

The board was concerned that some companies were giving executives shares as part of their pay but only showing the nominal value of the benefit in the accounts rather than the real value of the shares and the cost to the company.

Auditors believe companies are tempted to alter the mix between share options

and salary in order to inflate profits in crucial years - for example when continuing profitability is under threat.

But Mrs Gill Nott, chief executive of Proshare, said experts believed the reforms would catch a whole range of share schemes, including employee share option schemes, operated by more than 90 per cent of the 100 largest companies.

"One major retailer estimates that the annual charge to their profit and loss account will be £10m," she said. Proshare has 150 corporate members and sponsors, most with employee share schemes.

"The proposals blur the distinction between a cost to the company and a cost to the shareholders through dilution," said Mrs Nott.

Proshare also criticises the urgent issues task force for stepping outside its role of helping the ASB work at accounting standards. It says the reforms as planned "constitute a new accounting treatment".

# Prognosis poor for independent pharmacies

## Gehe's bid for Lloyds chain may see more dispensing licences transferred to supermarkets

Uneasiness amongst pharmacies - a sector still dominated by small independent operators - has been increased by recent events. Resale price maintenance (RPM), under which big store groups are barred from cutting prices on pharmaceutical products below manufacturers' recommended prices, may be abolished. The big Marks and Spencer group is to join the band of general retailers muscling into the vitamins and supplements market, and Lloyds Chemists,

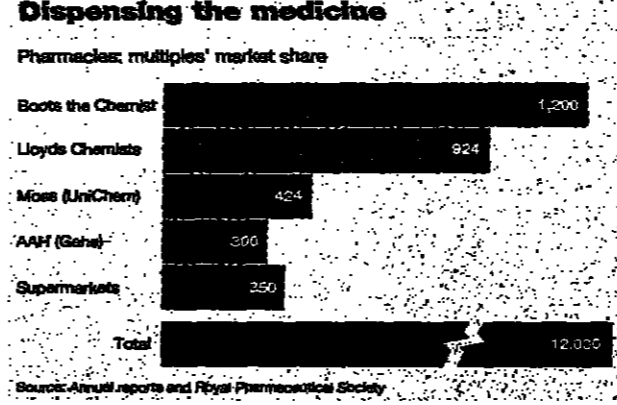
Britain's second biggest chain has faced £650m (£1,059m) rival offers this week.

The Office of Fair Trading referred RPM to the Restrictive Practices Court three weeks ago. While not a foregone conclusion - a previous referral was dismissed by the court - industry analysts believe repeal is likely.

The possibility has brought a wave of protest from the industry, which has been buffeted by declining prescription margins from the state health service and

the growing dominance of supermarkets in other areas of healthcare. "Unless the government or someone else steps in to fund them, there's no doubt you will see small pharmacies disappearing if RPM is removed," says Lord Blyth, chief executive of Boots, the UK's biggest chain of pharmacists.

The larger chains are relatively relaxed about any effects on their own revenues. Boots and UniChem, owner of Moss, the third largest pharmacy chain, argue that only 3 per cent of



pharmacy shop sales would be affected if RPM were removed.

But it is the battle for Lloyds Chemists by UniChem and German drugs wholesaler Gehe which has raised fresh fears over the future of the local pharmacy.

This week, UniChem indicated it would seek to transfer up to 10 per cent of Lloyds 924 pharmacy licences to supermarkets and out-of-town superstores if its bid was successful.

The move would accelerate a move already under way. UniChem already operates more than 70 pharmacies in supermarkets. In total, there are more than 350 pharmacies in UK supermarkets.

The attractions are immense. One supermarket group estimates that its pharmacies generate annual revenues of £750,000 per outlet and add revenues to the supermarket of up to 10 per cent of total turnover.

However, pharmacy licences are strictly controlled by the government, and the supermarkets' attempts to gain their own have been frustrated. There are some 12,000 licences in the UK. To transfer a licence, the owner has to demonstrate the benefit to consumers of removing it from one store to another.

With a finite supply and potentially lucrative returns, it is little surprise that Gehe and UniChem should put such a premium on Lloyds. Its pharmacy chain made sales of £50m last year, an average of £545,000 per shop.

The purchase prices of pharmacies sold recently have been equivalent to about 75 per cent of the shops' sales. The price tag on Lloyds of £250m - less the value of its non-phar-

## UNILEVER N.V.

### DIVIDEND ON DUTCH CERTIFICATES OF FL1,000, FL100, FL20 and FL4 FOR ORDINARY CAPITAL ISSUED BY N.V. NEDERLANDSCH ADMINISTRATIE-EN TRUSTKANTOOR

Interim dividend payments of FL 2.23 per FL 4 ordinary capital in respect of the year 1995 will be made on or after 20th December 1995 against the surrender of Coupon No. 19. Coupons may be encashed through one of the paying agents in the Netherlands or through Midland Securities Services ("Midland") at the address below; in the latter case they must be listed on the special form, obtainable from the Bank, which contains a declaration that the certificates do not belong to a Netherlands resident.

DUTCH DIVIDEND TAX relief is given by certain Tax Conventions concluded by the Netherlands. A resident of a convention country will, generally, be liable to Dutch dividend tax at only 15% provided the appropriate Dutch exemption form is submitted. No form is required from UK residents holding "K" certificates. If the dividends are claimed from Midland within six months from the above date, the certificates are owned by a UK resident and are effectively connected with a business carried on through a permanent establishment in the Netherlands, Dutch Dutch tax payable on the profits of the establishment. Dutch dividend tax on this dividend is FL 0.5575 at 25% and FL 0.3345 at 15%. The proceeds Netherlands will be credited to a convertible florins account with a bank or broker in the Netherlands.

UK INCOME TAX at the reduced rate of 5% on the gross amount will be deducted from payments made to UK residents instead of at the lower rate of 20%. This represents a provisional allowance of credit at the rate of 15% for the Dutch dividend tax already withheld. No UK income tax will be deducted from payments to non-UK residents who submit an Inland Revenue Affidavit of non-residence in the UK.

A statement of the procedure for claiming relief from Dutch dividend tax and for the encashment of coupons, including names of paying agents below.

N.V. NEDERLANDSCH ADMINISTRATIE-EN TRUSTKANTOOR  
London Transfer Office, Midland Securities Services, Client Delivery, Midland Bank PLC, Mariner House, Poppy Street, London EC3N 4DA.  
8th November 1995.

### REPEAT CALL FOR TENDERS

#### FOR THE SALE OF THE ASSETS OF "HADIATHANASSIADES BROS S.A.", OF ATHENS, GREECE.

ETHINIKI KEPHALOEDU S.A., Administration of Assets and Liabilities, of 40 Chrysopoliou St., Athens, Greece, in its capacity as Liquidator of "HADIATHANASSIADES BROS S.A." a company with its registered office in Athens, Greece, the "Company", presently under special liquidation according to the provisions of article 40a of Law 1902/1990, by virtue of Decision No. 3044/1990 of the Athens Court of Appeal, as modified by Decision 78/1990 of the same Court.

announces a repeat call for tenders for the sale of the assets as a single whole of the company described below.

#### BRIEF INFORMATION

The Company was established in 1981. Its activities included the processing and canning of whole tomatoes, tomato paste, tomato juice and vegetables, the processing and packaging of whole and cut tomatoes, the production and distribution of tomato juice, while it was placed under special liquidation in April 1990, on the basis of the above mentioned Court Decision, as subsequently modified.

#### ASSETS OFFERED FOR SALE

The assets offered for sale as a single entity, include a rice processing unit (rice mill), a peeled tomato, tomato puree and tomato paste production unit and a fruit and vegetable processing unit, standing on a plot of land of approx. 55,511 sq.m., part of which is used as the city planning area of the Community of Makousi, Serres. The above main company buildings the area of which amounts to approx. 29,000 sq.m. machinery and other plant and equipment. Both the rice mill and the fruit and vegetable plant are currently located in a special industrial zone of 0.29 hectares.

The assets also include the "MAGNIBROS" trademark, licensed out to a third party on a long term basis, the company's registered name and any such items as may be found to belong to the company.

OFFERING MEMORANDUM - FURTHER INFORMATION: Interested parties may obtain the Offering Memorandum in respect of the Company and its assets upon signing a Confidentiality Agreement.

#### TERMS AND CONDITIONS OF THE AUCTION

1. The Auction shall take place in accordance with the provisions of article 40a of Law 1902/1990 as supplemented by article 14 of Law 2474/1996 and subsequent amendments, the terms and conditions set forth therein and the "Terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply irrespective of whether they are mentioned herein or not. Submission of a bid shall mean acceptance of such provisions and other terms and conditions.

2. Bidding. Bidders, interested parties are invited to submit sealed bids, not later than Monday, December 9th 1995, 12:00 in the Athens Notary Public, Mr Evangelos Dracopoulos, 19 Vasileouskou St., Athens. Tel: +30-1-3621.128 and +30-1-3621.152. Fax: +30-1-3621.111.

Offers should specify the offered price and the detailed terms of payment (in cash or instalments, mentioning the number of instalments, the dates thereof and the proposed annual interest rate, if any). In the event of no specified date of payment, it shall be presumed that the offeror agrees to pay the full amount of the offer price in cash, by the installment date. Should no interest and/or the interest rate shall be legal rate in force. Should one wish to submit offers for both groups of assets, these should be submitted separately, the bids should be submitted later than the above date shall neither be accepted nor considered. The offeror shall be binding until the adjudication. Submissions of offers in favour of third parties to be nominated at a later stage shall be accepted under the condition that express consent is given in that respect upon submission and that the offeror shall give a personal guarantee in favour of such third party, for the compliance of the obligations deriving from the purchase.

3. Letter of Guarantee. Bidding offers must be accompanied by a Letter of Guarantee issued in accordance with the simple Letter of Guarantee contained in the Offering Memorandum, by a Bank legally operating in Greece, in a minimum value until the adjudication. The amount of the Letter of Guarantee must be DRG FORTY

### Notice of Early Redemption

## PORTMAN BUILDING SOCIETY

(Incorporated in England under the Building Societies Act 1986)

### £150,000,000

#### Floating Rate Notes due 1997

(5+Notes)

Notice is hereby given that, pursuant to Condition 6(f) of the Conditions of the Notes, the Issuer will redeem all outstanding Notes at their principal amount on the next Interest Payment Date, 10th December, 1996, when interest on the Notes will cease to accrue.

Payment of principal and interest will be made against presentation and surrender of the Notes and Coupons at the specified offices of any of the Paying Agents listed below. Each Note should be presented for payment together with all unsurrendered Coupons appertaining thereto. Such unsurrendered Coupons (whether or not attached thereto) shall become void and no payment shall be made in respect thereof.

Notes and Coupons will become void unless presented for payment within a period of 10 and 5 years respectively from their relevant dates, as defined in Condition 7 of the Notes.

Principal Paying Agent: Barclays Bank PLC, 8 Angel Court, Throgmorton Street, London EC2R 7AT.

Payable Agent: Banque Internationale à Luxembourg S.A., 69 route d'Esch, L-1710 Luxembourg.

9th November, 1995

### Regalian fund centre

Olivetti off S... in Om...

Norfolk

CalEnergy

Regalian fund centre

# Olivetti spins off 8% stake in Omnitel

By Robert Graham in Rome and Jane Martinson in London

Olivetti, the troubled Italian information technology group, yesterday completed the first stage of its asset sale strategy by selling an 8 per cent stake in Omnitel, the cellular telephone company, to Germany's Mannesmann for L432.5bn (\$225bn). The sale will bring a capital gain of L300bn for Olivetti's 1996 consolidated accounts. L404bn of the price will be paid by the year end.

Olivetti plans to raise L800bn by the end of the year, after a crisis in the group which led to a shake-up in September and the departure from the chairmanship of Mr Carlo De Benedetti, the main shareholder.

The disposal followed this week's L1,900bn sale by Cerus. Mr De Benedetti's French holding company, of its stake in Valeo, the car components manufacturer. For Mannesmann, the deal represents a consolidation of an existing stake in Omnitel. Olivetti is selling 8 per cent of its 53 per cent interest in Omnitel Sistemi Radiocellulari (OSR), the international consortium which owns 70 per cent of Omnitel Telecomunicazioni Cellulari, the mobile-phone operating company. Mannesmann is part of Pronto Italia, another telecoms consortium, which possesses 30 per cent of the operating company. Mannesmann's interest in OSR before the deal was 19.8 per cent.

Although negotiations began early last month, approval had to be obtained from both Olivetti's other consortium shareholders and those in Mannesmann's Pronto Italia. The stake sold by Olivetti was bought last year from Lehman Brothers for L280bn.

The disposal has caused controversy among some institutional shareholders, with Barings Asset Management telling a recent Italian parliamentary committee it had invested in Olivetti because of its decision to become involved in the telecoms sector. It was argued that the sale would dilute the shareholder value of Olivetti.

However, Mr Mark Pignatelli, head of European equities at Barings Asset Management, which is understood to have held a stake of about 5 per cent in the group before the summer, appeared pleased with the price achieved.

Mr Pignatelli said he was pleased with the sale but added: "Of more material benefit to the balance sheet will be their ability to get a good price for the personal computer business and their strategic ambitions for Infostrada."

Mr Talei Shakerchi, head of European equities at Old Mutual, said the sale of Olivetti's 8 per cent stake had not come as a surprise. "This was always going to be the easiest thing for them to sell," he said. "The investment bank holds a 2 per cent stake in Olivetti."

Separately, Olivetti also sold some option rights in Omnitel Pronto Italia for L50bn. At the same time, Pronto Italia's two main shareholders, Airtouch and Mannesmann, increased their stake. Mr De Benedetti yesterday broke the silence he has maintained since he was forced from the chairmanship in September. Speaking to the French newspaper Le Monde, he said that, as he had lost all executive functions at Olivetti, "no one could expect me to go on investing in the company". He said he always placed his money where he worked. Asked if this meant he might withdraw his 14 per cent stake in Olivetti held through Cir, the family-controlled investment arm, he replied: "In principle, yes."

# Home sales hamper Japan carmakers

By Michio Nakamoto in Tokyo

First-half results from three leading Japanese carmakers show improved performances in overseas markets, with the help of a weaker yen. But the companies were held back by a sluggish domestic market, where vehicle sales grew only 1 per cent.

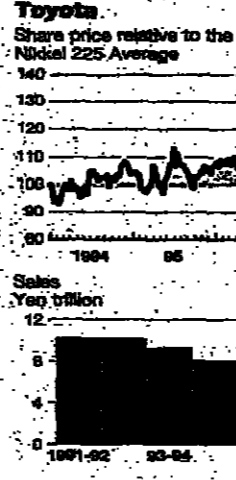
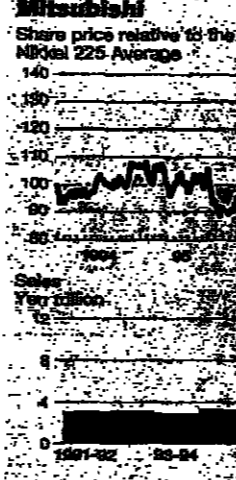
Toyota, which has set itself an aggressive domestic sales target of 2.22m units in the full year - almost 8 per cent higher than last year - did particularly well in overseas markets, but saw vehicles sales decline at home.

However, continued cost-cutting, the benefits of the weaker yen and firm overseas sales helped lift parent recurring profit from Y88bn to Y258.5bn (\$2.31bn), on sales up nearly 10 per cent, from Y3,725bn to Y4,063.4bn. The company's net profits more than doubled, from Y30.7bn to Y131.5bn.

In the domestic market, Toyota, which is involved in an aggressive marketing campaign to return its share of domestic sales to above 40 per cent, suffered from its lack of recreational vehicles, which have continued to be the fastest growing segment of the Japanese market. As a result, Toyota's domestic vehicle sales fell 1.4 per cent in the first half.

In contrast, exports rose 17 per cent, mainly on the strength of demand for its

Bumpy ride: battle for domestic sales



cars in the US, where RAV4 sports utility vehicle has proved popular and the company lowered the price of its recently remodelled, US-made Camry sedan by 2.1 per cent.

The weak yen, as well as rationalisation measures, helped Nissan, Japan's sec-

ond-largest vehicle maker, to increase parent operating profits from Y5.1bn to Y38bn. There were recurring profits of Y30.9bn, after an Y8.8bn loss a year earlier, and net profits of Y11.5bn, compared with a deficit of Y13.4bn. Sales rose 1.5 per cent, from Y1,712.3bn to

Y1,737.6bn. Nissan, like Toyota, performed sluggishly in the domestic market, where its vehicle unit sales dropped 2.8 per cent. It attributed the weakness to a lack of "fully redesigned, high-volume, mainstream models" and to a decline in demand for its

luxury cars, which sold well last year.

Overseas, Nissan was not able to capitalise on firm demand in the US market and unit sales were flat for the period. The company attributed the lacklustre performance to the fact that two of its models are at the end of their life.

In Europe, Nissan reported flat sales amid intense competition. The company was still in the red in its European business, but the deficit was smaller than previous losses, it said.

The weak yen - which provided windfall gains of Y40bn in the first half - enabled Nissan to gain on overseas sales, and consolidated results, although not officially announced, were in the black, the company said. Rationalisation contributed an additional gain of Y38bn.

Meanwhile, Mitsubishi Motors, Japan's fourth-largest carmaker, was hit particularly hard by the slump in the domestic market. MHB has a network of 70 branches in Hungary, and is setting up a dedicated retail bank and insurance company. ABN Amro intends to add services such as capital market and international financial services, plus electronic banking and IT developments, said Mr M.J. Drabbe, an ABN Amro board member. It also aims to improve products for small and medium-sized enterprises, an area which is currently badly served in the region, and plans to put strong emphasis on staff training.

# ABN wins 90% stake in Magyar Hitel Bank

By Kester Eddy

ABN Amro, the Dutch bank, yesterday won the tender for a 90 per cent stake in Magyar Hitel (Credit) Bank. The Dutch bank offered \$88.2m for the stake - 220 per cent of nominal value - plus a capital injection of at least \$100m.

The bid beat that from Creditanstalt Bank of Austria, the only other bidder. Creditanstalt's offer is said to have been worth in effect only half the ABN Amro bid, after a government guarantee was required. Detailed discussions on the purchase will now begin, with the sale expected to be closed by the new year.

ABN Amro believes it can become one of the leading integrated banks in the region. MHB has a network of 70 branches in Hungary, and is setting up a dedicated retail bank and insurance company.

ABN Amro intends to add services such as capital market and international financial services, plus electronic banking and IT developments, said Mr M.J. Drabbe, an ABN Amro board member.

It also aims to improve products for small and medium-sized enterprises, an area which is currently badly served in the region, and plans to put strong emphasis on staff training. Consumer finance was "a very large potential growth area", in both Hungary and the region, Mr Drabbe added.

MHB has achieved a strong turnaround in the past two years under the leadership of Mr Zsigmond Jara, with bad debts inherited from the socialist era sold off and staff cut by about 1,500, mainly in administration. Further staff cuts are expected as computerisation is improved.

The bank returned a profit in 1995 and is expected to make nearly \$30m this year. Mr Drabbe praised MHB's current management, which will be retained.

# Avesta reveals loss and replaces chief

By Greg McIvor in Stockholm

Avesta Sheffield, the Anglo-Swedish specialist steelmaker, is to replace Mr Per Molin, its chief executive.

The Swedish-based company, which is majority owned by British Steel, insisted the reshuffle was unrelated to its announcement of a \$K200m (\$30.5m) second-quarter pre-tax loss after a \$K1.1bn profit in the same period last year. It said Mr Molin, who is 60, had

completed his contract and had been considering retirement for some time. He will be replaced next April by Mr Stuart Pettifor, currently managing director of British Steel's commercial steels division.

The group blamed the second-quarter deficit on a 40 per cent crash in stainless steel prices in the past six months, triggered by over-supply and fierce competition among suppliers. This forced it to write down its inventory values by \$K182m.

The deficit was bigger than most market forecasts, but Avesta's shares closed up \$K0.50 yesterday at \$K65. Analysts said Mr Pettifor's appointment signalled a tightening of British Steel's grip on the company and would reawaken speculation that it might seek to acquire the 49 per cent of Avesta it does not own.

Mr Molin, who is to remain as chief executive until April and then assume an advisory role, said October price rises of between 5 per cent and 11 per cent

were proving harder than expected to implement. However, he said there was a reasonable chance of price rises from 1 January.

Very low steel prices and the inventory write-down almost wiped out half-year earnings. Pre-tax profits in the six months to September fell from \$K2.3bn to \$K1.24m on sales down 26 per cent, from \$K11.3bn to \$K8.4bn.

Avesta said it the stronger krona had cut profits by about \$K100m. It also experienced run-

ning-in problems with new equipment at its two Swedish mills producing cold rolled steel, its most important product line.

The group described profits from cold and hot rolled steel as poor, but returns from its hot rolled plate operations were satisfactory. Deliveries of cold rolled steel to the European market by European producers fell 12 per cent in the first half as a result of stock build-up. Avesta said, but stocks were now close to balancing with demand.

# Norfolk Southern lifts Conrail bid

By John Authers in New York

The bidding war in the US railroad sector intensified yesterday as Norfolk Southern increased its hostile cash offer for Conrail from \$100 to \$110 per share, valuing the company at about \$10bn.

Conrail said in response that its shareholders should not take any action until the

board had reviewed the bid. This followed Wednesday's announcement by CSX, another railroad, that it was raising the cash portion of its offer for Conrail in an agreed merger. CSX's offer is 80 per cent in stock, and at current prices is worth about \$9 per share.

Norfolk Southern yesterday stressed it would buy shares and put them into a voting trust, providing

immediate cash for shareholders. The stock element of the CSX offer depends on regulatory approval, which could take a year to achieve - and analysts suspect Norfolk Southern would have trouble gaining takeover clearance from Pennsylvania state regulators.

Both CSX and Norfolk Southern have now made two offers. Talks on a possible compromise, under

which Norfolk Southern would receive a large share of Conrail's assets after the company had merged with CSX, broke down this week.

Conrail shares rose 2 1/2% to \$95 in early trading yesterday. Before the first bid was announced last month the stock had been trading at less than \$70. CSX shares were up 5 1/4% at \$49, while Norfolk Southern was 3% lower at \$84.

# CalEnergy increases Northern stake

By Jane Martinson

CalEnergy, the US independent power producer, yesterday increased its stake in Northern Electric, the UK electricity supplier, to 29.45 per cent and urged its bid target to recommend its \$300 a share offer.

Northern's shares fell another 18p to close at 605 1/2p, prompted by further profit-taking and continued speculation that the bid would be referred to the Monopolies and Mergers Commission.

One analyst said CalEnergy's strategy "could be very risky" if the takeover was blocked, but the US group said it believed it had a strong case with the regulator.

Mr David Sokol, CalEnergy's chairman and chief executive, said that Northern's shareholders were behaving as if they believed that "substantial downside exists". This view, he added, was reached in spite of Northern's "optimism about their half-year results and 'hidden' asset values".

Northern, which is due to publish its interim results and official defence within the next 10 days, blamed uncertainties over the MMC for its share price fall.

It reiterated its view that the offer, which values the group at \$658m, was too low. Mr David Morris, chairman, said: "There is nothing to talk about at this price."

CalEnergy is unlikely to take its stake above 29.9 per cent as further purchases would infringe Takeover Panel rules. CalEnergy's junk-bond

rated status could also cause some concern on the grounds that it brings the regulated utility's financial stability into question.

The board of Dominion Resources, a US utility, met in Virginia yesterday to decide whether to go ahead with a \$1.2bn bid for East Midlands Electricity, another regional electricity company. The latter's share price eased 1p to 593 1/2p, down from the 607 1/2p which had prompted an announcement by Dominion on Wednesday night.

# Regalian raising £17m to fund central London flats

By Simon London, Property Correspondent

Regalian, the UK property developer, is raising £16.8m from shareholders to invest in the strengthening market for central London homes.

The proceeds of the 1-for-2 rights issue at 30p, underwritten by Barclays de Zoete Wedd, will be used to expand its £200m development programme.

Regalian, chaired by Mr David Goldstone, is one of the largest developers of central London flats, often converting unwanted office buildings into luxury homes which can be sold to east Asian investors.

The cash call was announced as the company unveiled a jump in interim pre-tax profits from £400,000 to £1.6m in the six months to September.

Regalian is currently working on 15 developments - some of them joint ventures - totalling 800 residential units. It recently paid £12.5m for Baynards House, Bayswater, a former office building which it hopes to convert into 180 flats.

Mr Goldstone said that since the end of September, 74 homes valued at £21.2m had been reserved by prospective buyers, pointing to continued strong demand for London flats.

Regalian also owns a half share in a large development site at Paddington, adjacent to land recently acquired by Chelsfield, the property company. "Whatever Chelsfield are doing at Paddington has to be good news for us. But this rights issue has nothing to do with Paddington," said Mr Goldstone.

Property development turnover increased from £2.9m to £11.1m. Gross profits were £2.8m (£1.4m) after

the release of stock provisions amounting to £2.75m (£1.25m). No interest was charged against profits after interest capitalised of £790,000 (£541,000).

Earnings per share advanced from 0.38p to 1.39p. Regalian is restoring its interim dividend at 0.4p for the first time since 1992.

### COMMENT

Regalian shareholders have had a rough ride and memories of the company's last rights issue - in 1991 at 71p - still rankle. But residential development promises a steady flow of earnings, at least until demand for central London flats runs out of steam. And the stated 42p share net asset value - resting on an directors' valuation of the Paddington site - is starting to look more credible. Whilst this is not an investment for the faint-hearted, at 30p the rights could still be worth a shot.

# St Ives directors' pay falls

By Michael Lindemann

Pay for three executive directors of St Ives, the UK printing group, fell by up to 19 per cent in the year to August 2, even though the group reported a near 19 per cent rise to £42.2m in pre-tax profits.

Mr Keith Holmes, managing director of the web printing division, was hit hardest because new presses were not meeting performance standards. Mr Holmes saw his overall remuneration package fall from £161,400 to £130,700.

However, Mr Miles Emley, chairman, and Mr Brian Edwards, managing director, also saw their pay affected because they have overall responsibility for operations.

Mr Emley's total remuneration fell by 7 per cent to £280,600, while Mr Edwards' fell 5 per cent to £230,100.



THIRD QUARTER		NINE MONTHS	
£		£	
8,747 million	+7%	Turnover	25,240 million +8%
886 million	+5%	Operating Profit	2,131 million +3%
918 million	+6%	- before exceptionals	2,271 million +10%
826 million	+5%	Pre-tax Profit	1,951 million +2%
		Net Profit	
506 million	+4%	- at constant rates	1,186 million -1%
505 million	+4%	- at current rates	1,189 million -%
26.98p	+4%	Earnings per share	63.48p -1%

### BUSINESS PERFORMANCE:

In Europe ice cream market share remained strong despite the impact of a poor summer on sales and profit; frozen foods, detergents, personal products and speciality chemicals recorded improved profits. Sales rose by 18% in North America with profit remaining the same as last year due to significant investment in marketing expenditure. In Africa and Middle East an 11% sales increase and improved profits reflected good results in Arabia and South Africa and the consolidation of the Nigerian subsidiary this year. There was notable growth in China and India as Asia and Pacific recorded a very strong performance in both sales and profit. In Latin America, profits grew markedly driven by strong performance in Brazil, Argentina and Chile.

Net exceptional charges of £32 million, mostly covering restructuring projects in the recently acquired industrial cleaning business, Diversy, have been taken in the quarter.

### INTERIM DIVIDEND:

10.29p per 5p of ordinary PLC share (+46%)  
 FL2.25 per FL4 ordinary NV share (+50%)

The 46% increase in interim dividend follows the decision taken to set the interim dividend at 35% of the previous year's total dividend, as measured in the stronger of either sterling or guilders. Last year's interim dividend represented 24% of the total dividend in sterling. The decision on the total dividend is not affected by this policy change.

The provisional results for the fourth quarter and for the year 1996, and the proposed final dividends in respect of 1996, will be published on Tuesday 11 February 1997.

For copies of Unilever results statements telephone 0800 181 891 or write to: Unilever Corporate Relations, E.O. Box 68, Unilever House, London EC4P 4BQ, or P.O. Box 760, 3000 DE Rotterdam. For information about Unilever, access Internet address: <http://www.unilever.com>

Third Quarter Results 1996

COMPANIES AND FINANCE: UK

# Dresdner puts KBIM under new control

By William Lewis in London, Andrew Fisher in Frankfurt and Tracy Corrigan in New York

Dresdner Bank, Germany's second largest commercial bank, has announced plans to restructure its non-German asset management operations under the management of RCM Capital Management, a San Francisco-based fund manager.

The reorganisation, expected to be completed in the first quarter of next year, will lead to the investment management operation of Kleinwort Benson, the investment bank taken over by Dresdner last year, being controlled by RCM.

The new global asset management company will also include Thornton, a specialist equity fund manager, and will manage assets in excess of £50bn. The name of the new company is still to be decided and could lead to the rebranding of Kleinwort Benson Investment Management in the UK.

As a result of the restructuring, Sir Nicholas Redmayne, chairman of Kleinwort Benson group, is to leave. "We both agreed that there was no job left for him," Mr Simon Robertson, chairman of Kleinwort Benson, said.

Mr Gerhard Eberstadt, a director

of Dresdner Bank, said the three investment units would fit well together, and with about 900 employees in Europe, the US and Asia, will "bring enormous advantages to our clients worldwide".

Analysts said they expected the reorganisation to be followed by further fund management acquisitions by Dresdner. "It highlights once again the importance of size and globalisation in the fund management business," one said.

Earlier this week Invesco, the UK fund management group, announced that it had agreed to buy AIM Management Group of the US for \$1.6bn (£800m), creating one of the world's top five independent fund managers. Last month Barclays announced that the senior management of BZW Barclays Global Investors, an asset manager also based in San Francisco, would be taking control of its institutional fund management business.

In total the Dresdner Bank group has about \$130bn of institutional funds under management, including its German business.

RCM, previously owned by Travelers Group of New York, has approximately \$68bn under management. Kleinwort Benson \$2.2bn including £2.5bn in investment trusts, and Thornton £1.5bn.

Dresdner's move to place KBIM under the control of RCM follows several years in which it has struggled to attract new UK pension fund business.

Mr Robertson said that there "are no plans" for redundancies because the three groups are a "complementary fit".

"The three bits together have a really good chance of laying the foundations for a global asset management business," he said.

Mr Peter Saunders, chief executive of KBIM, has been appointed chief executive of Kleinwort's private banking operation.

See Lex

Yorkshire-Tyne Tees Television yesterday issued a High Court writ against CIA (UK) Holdings, the independent airtime purchasing company, in an increasingly bitter dispute.

The ITV company is seeking £552,507 it claims it is owed by CIA for the share of ITV revenue promised for 1995. Although the writ was issued by Yorkshire, the action is also backed by Granada, which is sharing the costs.

The writ was issued after attempts at conciliation failed. CIA had offered to go to independent arbitration and even suggested that this should be carried out by the Independent Television Commission.

It is believed the talks failed because of conditions that Yorkshire thought unacceptable.

"We decided enough was enough," Mr Ward Thomas, chairman of Yorkshire, said.

Mr Chris Ingram, chairman of CIA, last night expressed surprise that Yorkshire had issued a writ because on Thursday CIA had offered to pay the outstanding sum from 1995. However, money likely to be owed from 1996 was to be rolled forward into 1997.

An independent audit by accountants KPMG found that £4m had been transferred from CIA to a joint venture in Scotland - Morgan CIA, by special board resolution. CIA now accepts that this should not have happened. The effect was to reduce the share of ITV revenue going to Laser, the advertising sales house that represents both Yorkshire and Granada, and would also affect discounts.

Mr Dominic Procter, chairman of J Walter Thompson, the large advertising agency, appealed to all ITV companies to ensure greater transparency in airtime buying and selling. "No-one minds playing in a competitive game but there should be a red card from time to time when the rules are broken," he said.

Raymond Snoddy

NEWS DIGEST

## YTTV issues writ against CIA

The action group protesting at the terms of Alliance & Leicester's £2.8bn flotation has stepped up its campaign for fairer treatment by seeking a meeting with Mr Peter White, the society's chief executive.

Mr Patrick Mountain, the retired Somerset businessman leading the campaign, said he would try to persuade Mr White to drop plans for a flat rate distribution of shares to the society's 2.4m qualifying savers and borrowers. He says a variable rate, rewarding long-term investors with higher balances rather than short-term speculators with small savings, would be fairer. Mr Mountain is urging protestors to write to the building society threatening to withdraw all but the £100 minimum needed to qualify for a pay-out. He claims he has won backing from 800 investors with more than £30m in their accounts.

"There is no question that unless an agreement is reached with my pressure group, there will be an exodus of funds over the coming six months that will compromise the Alliance's activities," Mr Mountain wrote in a letter to Mr White yesterday.

A&L said it was considering the request, but remained convinced that a flat rate pay-out was "fair and most appropriate for the majority of our members".

Christopher Brown-Humes

## A&L dissidents seek meeting

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Christopher Brown-Humes

## Utd News man for Phonelink

Phonelink, the electronic information services company, yesterday announced the appointment of Mr Graham Ramsey as chief executive and group managing director. Mr Ramsey, 44, is currently group managing director of United Advertising Publications, the United News & Media company whose magazines include Exchange & Mart. Mr Ramsey, who will start his new job in early 1997, said that his "core skill is general management". Mr Trevor Burke, Phonelink's founder, will concentrate on product development and group strategy. Mr Burke said "in some ways I will be reporting in to him", and added that he "recognised the need for a solid professional to actually run the business". Mr Burke and his wife retain 45 per cent of Phonelink.

The terms of Mr Ramsey's employment were not disclosed but Mr Burke said it was "commensurate with the position" and that the contract was for "a number of years".

The shares closed up 3 3/4p at 100p.

Tim Gordon

## BZW Asia chairman leaves

Mr John Richardson, chairman and chief executive in Asia of BZW, the investment banking arm of Barclays, has left the company suddenly after deciding not to renew a two-year employment contract.

The move is the latest in several shifts within BZW after the arrival of Mr Bill Harrison as chief executive. Mr Graham Pimlott, head of investment banking at BZW, is to fill in for Mr Richardson until a permanent successor is found. Mr David Sharpe, head of equity strategy in Asia, and Mr Andrew Brick, a senior economist for the region, have left recently to join Caspian Securities.

Mr Harrison has implemented several internal changes, including the merger of its structured products, equity and debt capital markets operations into an integrated capital markets group under Mr Amir Eilon.

Mr Richardson was formerly deputy chairman of Sketchley, the UK dry cleaning firm, which he helped to turn round in the 1980s.

John Capper

## Rescue package for Hansom

Shares in Hansom, which operates the largest fleet of black taxicabs in London, slid 7p to 10 1/2p as the AIM-quoted group announced continuing losses, 35 per cent redundancies, a new share option scheme for the benefit of current directors, and a placing and open offer to raise £1.58m.

However, Mr Jonathan Mervis, the chairman appointed by institutional shareholders in August, was unapologetic. "The 17 1/2p price was unrealistic because the shares were no longer liquid," he said. "The company was tough and we got a huge backlog of creditors and we only got a bank facility because of this rescue package."

The proceeds of the £1.58m placing of 30.6m new shares at 5 1/4p, will be used to settle arrears to creditors, fund reorganisation costs and expansion, and reduce borrowings. Some 24.5m shares have already been placed, with institutions and directors, raising £1.35m.

The share option scheme is designed to compensate Mr Mervis - formerly chief executive of Unigroup - and other recently-appointed directors for "lower remuneration than is commensurate for their experience". They will each be granted an option over up to 2m ordinary shares at 5 1/4p.

Joan Gray

# Growth in emerging markets lifts Unilever

By Roderick Oram, Consumer Industries Editor

Fast growth in profits from emerging markets helped Unilever, the Anglo-Dutch consumer goods group, report better than expected third-quarter results.

The upturn in Latin America, Asia and other markets helped compensate for a slump in ice cream and iced tea profits in Europe as a result of poor weather this summer.

Group pre-tax profits for the quarter were £826m, up 5 per cent from a year earlier and some £25m higher than the top City forecast. Sales were up 7 per cent at £8.75bn.

Underlying trading was slightly stronger than most analysts expected, but the extra profit came from lower than forecast net exceptional charges. The shares closed up 7 1/4p at £13.48 1/2p.

As expected, the company

declared a big increase in interim dividends to bring a better balance between interim and final pay-outs. Shareholders in the UK arm of Unilever will receive £12m in the quarter, and shareholders in the Dutch arm will receive £12.23, up 50 per cent.

The company was reaping the rewards of its heavy investment in emerging markets and increased marketing for many products in mature areas. "Unilever's strategy is working, even before structural changes begin to have an effect," one analyst said.

Further benefits will flow from a reorganisation of board roles this summer under the new leadership of co-chairmen Mr Niall Fitzgerald and Mr Morris TabaksBlat, and from tighter focus to its product portfolio.

Unilever gave no detail on its ice cream performance

but it is thought to derive about 60 per cent of its ice cream sales - about £700m - in the four summer months. One analyst estimated sales might have dropped by £12m in the quarter, as profits falling by about £50m, a virtual halving.

Overall, European operating profits before exceptional items were £502m (£489m) in the quarter, on flat sales of £4.26bn. This marked a turning point in European profits after stagnation for several years. Profits from frozen food, detergents, personal products and speciality chemicals were higher.

North American profits were flat at £173m despite an 18 per cent rise in sales to £1.83bn. Margarine and detergents profits were "strong". Profits from Latin America were £79m (£65m) on sales of £81.4m (£76m).

Profits from Asia-Pacific were £108m (£98m) on sales of £1.26bn (£1.05bn).



The new leadership: Niall Fitzgerald (left) with joint chairman Morris TabaksBlat

Group pre-tax profits for the nine months to September were up 2 per cent at £1.95bn on sales ahead 8 per cent at £25.3bn.

The City is looking for pre-

tax profits of about £2.5bn for the full year, up 9 per cent.

Despite net acquisition costs of £1bn in the nine months, net debt increased

by only £256m to £2.48bn for gearing of 28 per cent.

Earnings per share rose 4 per cent to 26.59p in the quarter but fell 1 per cent to 63.48p for the nine months.

# Sentiment deteriorates among smaller companies

By Tim Burt and Ross Tietman

This has been a bruising week for the chairman of an unusually high number of smaller UK companies.

In the past five days alone, eight have been obliged to warn the market that profits this year will turn out below expectations.

Concern over the health of the smaller companies sector deepened again yesterday, after profit warnings from two companies - Roxboro and Reliance Security - and a cautious trading statement from a third, Senior Engineering Group.

The warnings follow a spate of downbeat forecasts; in the past eight weeks more than 20 companies have flagged disappointing profits.

Some of those warnings - including those by electronic components group Roxboro, Yorkshire Food and last week by Wace Group, the specialist printer - have been the second from the company in recent months.

That trend has prompted concern among smaller company analysts.

"It starts to gnaw at investor confidence in the market," said one. "Once confidence begins to slide, institutions start to question

whether they should be shifting funds from equities to gilts."

Such a move is not expected to gather pace, however, in the absence of profit warnings from larger companies.

Still, some smaller companies in engineering components, printing and packaging, and distribution appear to believe they are the victims of a wider business downturn.

In engineering, Belfast-based Mackie International blamed a cancelled order for a severe slowdown in manufacturing textile machinery; Senior Engineering said

profits in its soon-to-be-sold thermal engineering division would be worse than expected.

Weak demand, destocking and pricing pressure were also cited this week in warnings from Fairway, the printing services group; Roper, the shipping and engineering group; and Applied Distribution, the warehousing and distribution company.

Among larger companies, T&N, the specialist engineering and car parts group, sent a shiver through the automotive components sector earlier this week when it warned of difficult conditions in some trading activi-

ties, particularly diesel components.

Within this overall framework, however, analysts identify a handful of special factors that have hit companies in some sectors.

There is wide agreement that destocking by electronics companies has hit their component suppliers.

Profitability of packaging companies has also been undermined by a cyclical swing.

Intense competition has hampered retailers and their suppliers.

Now, some exporters are beginning to feel pressure on margins as a result of the

strengthening of sterling.

But Mr Amit Thakar, analyst at BZW, suggests two related causes for the disappointing performance of so many UK companies.

In some, such as retailing and engineering, the emergence of quality as a key issue of competitiveness is also exposing those companies that have failed to respond effectively.

"Either you are really large, and international, or you have to be a small player focused on niche markets," he says.

"Companies that are neither one nor the other have nowhere to go."

## Senior thermal sale hitch

Senior Engineering Group, which last month announced the sale of its thermal engineering division, yesterday said the £28.3m deal had been delayed following the discovery of trading difficulties in some of its operations, writes Tim Burt.

The tubing and power station equipment manufacturer warned that higher-than-expected costs on some boiler contracts and weak demand in US power station maintenance meant the thermal engineering division would only break even this year.

Mr Alan Watkins, chairman, said the news had persuaded Thermal Engineering International, the acquisition vehicle set up to buy the division, to review its proposed purchase.

"Their financial backers don't like last minute surprises. They have said they want to study whether it's a one off," he said.

Senior, he added, had addressed the problem by integrating the boiler operation into its construction services business and pushing through management changes in the US.

Although the rest of

Senior's activities were said to be unaffected and "trading strongly", its shares fell 7p to 114 1/2p.

More than 8.5m shares changed hands as analysts shaved this year's profit forecasts from about £33m to £32m.

TEI, which said it remained committed to the move, has agreed to pay £18m cash for the division plus £10m in interest-bearing loan notes, repayable over eight years. It has also offered a further £2.25m over the next year following the receipt of receivables, such as contract payments.

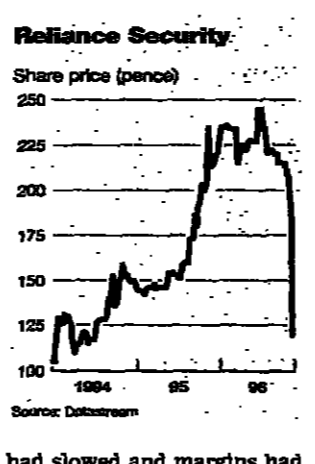
## Rivals hit Reliance hopes

By Alexandra Capelle

Reliance Security, the USM-quoted security services company, yesterday warned its interim trading profits to November would be "substantially" lower than market expectations and below last time's £1.78m.

The shares fell 60p to 120p as analysts cut their pre-tax profit forecasts for the full year from £5m to about £2.8m, representing a 33 per cent fall on the previous £4.2m.

Mr Brian Kingham, chairman, said that despite strong competitive pressure in contract security management and manpower services the company was sticking to its "difficult and costly" value-added strategy. Growth



had slowed and margins had declined as a result of higher-than-average wages for trained personnel, while its competitors had undercut its prices.

However, Mr Kingham expected the effects of lower unemployment soon to benefit the company's personnel policy and its wide national office network.

The company also blamed a slowdown this year in short-term security manpower contracts.

The £63m seven-year investment in the custodial services business - a contract Reliance won with the Home Office last year - was expected to further hit profits as it was not expected to "make a significant contribution in the current year".

According to Mr Peter Jones, broker at Peel Hunt, the company remained unware and in a sound position with a yield of 7 per cent and a prospective p/e ratio of about 14.

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**FT Surveys**

## Roxboro shares tumble

By Motoko Rich

Roxboro shares slumped yesterday as the specialist electronics group issued its second profits warning in as many months.

The shares, which lost 25 per cent of their value after a warning in September, plunged from 202 1/2p to 123p yesterday.

Neither Mr Harry Tee, chief executive, nor Mr Alf Vaisey, finance director, were available for comment.

The group, which had originally warned that customer destocking had caused a sharp decline in demand, said trading in September and October had shown no prospect of a "meaningful recovery".

Analysts lopped £2m off their full-year pre-tax profits forecasts, to £13.6m. This compares with the £18.4m forecast before the first warning.

The group has enlisted management consultants to study products in its Dialight Electronics components subsidiary to deter-

mine whether it is losing market share.

Analysts said they were surprised Roxboro was suffering so badly because recent indications have shown the world market for components was improving.

● COMMENT

One profits warning can be caused by bad market conditions, but a second begins to make the management look

careless. If it is going to experience such a collapse in demand every time the market turns downward, perhaps it should be finding other means of protecting the bottom line. The shares are now trading on a forward p/e of 7.5. Until the consultants conclude it is just the market and not Roxboro's share of it that is the problem, investors should proceed with caution.

Company	Tonnage (t)	Pre-tax profit (£m)		EPS (p)	Current payment (p)	Date of payment	Dividends Corresponding dividend	Total for year	Total last year
		1995	1996						
Hessons	6 mths to Sept 30	5.9	(10.8)	0.222	(0.38)	-	(4.7)	-	-
M&G	9 mths to Sept 30	82.4	(61.8)	3.44	(3.44)	0.24	-	-	-
Orb Estates	Yr to June 30*	4.13	(8.3)	1.54	(1.54)	22.24	nil	nil	nil
Regalton Props	6 mths to Sept 30	11.4	(3.25)	1.63	(0.444)	1.39	nil	nil	nil
Unilever	9 mths to Sept 30	25.240	(23.433)	1.951	(1.906)	63.48	10.29	7.05	25.4

Investment Trusts	NAV (p)	Attributable Shareings (£m)		EPS (p)	Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
		1995	1996						
Astra Healthcare	6 mths to Sept 30	99.5	(92.3)	0.047	(-)	0.21	(-)	-	-
British Empire	Yr to Sept 30	123.38	(102.44)	2.63	(1.78)	1.71	(1.38)	-	-
English National	6 mths to Sept 30*	33.738	(33.14)	0.201	(0.106)	0.48	(0.68)	0.75	1.03
Invesco Korea	6 mths to Sept 30*	113.21	(141.46)	0.1371	(0.2211)	0.411	5.4	5.4	5.78
Ivery & Stone East	Yr to Sept 30	160.12	(147)	1.12	(2.37)	3	(6.35)	2.3	1.6
Johnson Fry Sweets	Yr to Dec 31	(-)	(-)	(-)	(-)	1.72	(-)	1.72	1.6
Underinvested Assets	6 mths to Sept 30	141.39	(116.83)	1.13	(0.852)	1.481	(1.54)	-	2.35

Figures shown basic. Dividends shown net. Figures in brackets are for corresponding period. \*After exceptional charge. †After exceptional credit. ‡On increased capital. §In stock. ¶Fully diluted; comparative at March 31. \*Comparatives restated. ‡At March 31. †Third interim, makes 5.16p to date.

Copper slips below 2,000

WEEKLY REPORT

MARKETS REPORT

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COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Copper slips below 2,000 again

By Kenneth Gooding and Susanna Voyle

Copper last night fell below the psychologically important \$2,000 a tonne barrier in after-hours trading on the London Metal Exchange.

Having breached the barrier on Thursday, the price for three-month delivery was sustained yesterday until it was hit by a big sell order and fell from the official close of \$2,007 to \$1,985.

Aluminium slipped yesterday after failing to build on earlier gains. In late trading it was standing at \$1,469.

Traders suggested that speculative US funds and Japanese traders had sold short the equivalent of 380,000 tonnes of aluminium for delivery in January.

While the LME stock position gives the impression that this should give the market no problem - the exchange reports having nearly 1m tonnes in its authorised warehouses - analysts say that as much as three quarters of this stock is held by merchants and others on long term financial deals which means it is not available to the market.

Also, about one third of the metal is in Liverpool, UK, where it is expensive to withdraw it from warehouses, traders suggest. The aluminium is also badly

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

Table with columns: Metal, Price, Change, High, Low, Vol. Includes Aluminium, Copper, Lead, Nickel, Zinc.

PRECIOUS METALS continued

GOLD COMEX (100 Troy oz. \$/troy oz.)

Table with columns: Date, Price, Change, High, Low, Vol. Includes Gold, Silver, Platinum, Palladium.

GRAINS AND OIL SEEDS

WHEAT LFFE (\$/cwt)

Table with columns: Date, Price, Change, High, Low, Vol. Includes Wheat, Soybeans, Corn, Barley.

SOFTS

COCOA LFFE (\$/tonne)

Table with columns: Date, Price, Change, High, Low, Vol. Includes Cocoa, Coffee.

MEAT AND LIVESTOCK

LIVE CATTLE CME (40,000 lbs. cents/lb)

Table with columns: Date, Price, Change, High, Low, Vol. Includes Live Cattle, Live Hogs, Pork Bellies.

WORLD BOND PRICES

MARKETS REPORT

By Lisa Branson in New York and Richard Lapper in London

Profit-taking on the heels of this week's rally sent US Treasury prices lower yesterday.

As the markets closed at 2pm, the new benchmark 30-year Treasury, which was auctioned yesterday, was \$ lower at 99 1/2, to yield 6.500 per cent.

This week, Italian 10-year yields have fallen by a third of a percentage point and Spanish yields by a quarter of a percentage point.

In the cash market, 10-year yields spread over Germany fell by 2 basis points to 191, while Spanish spreads narrowed 1 basis point to 163.

UK gilts, which fell sharply earlier in the week on fears of rising inflation, yesterday had a better day.

In the cash market, the 10-year yield spread over Germany narrowed 5 basis points to 190. Yields, which were 2 basis points higher than those of Italy on Thursday, yesterday closed 1 basis point lower.

BENCHMARK GOVERNMENT BONDS

Table with columns: Country, Maturity, Price, Change, Yield, Week ago, Month ago.

US INTEREST RATES

TREASURY BILLS AND BOND YIELDS

Table with columns: Instrument, Maturity, Yield, Change.

BOND FUTURES AND OPTIONS

FRANCE

Table with columns: Instrument, Price, Change, High, Low, Vol.

GERMANY

Table with columns: Instrument, Price, Change, High, Low, Vol.

UK

Table with columns: Instrument, Price, Change, High, Low, Vol.

UK GILTS PRICES

UK GILTS PRICES

Table with columns: Maturity, Price, Change, High, Low, Vol.

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## FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL  
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Saturday November 9 1996

## Farewell then, falling yen

For the past 18 months betting against the yen has been the closest international investors get to a sure thing. Billions have changed hands on the assumption that the currency would keep falling, for the simple reason that no one - least of all Japan - wanted it any other way. Until this week, that is, when many started wondering whether the days of the sure-fire dollar were over.

The catalyst for these doubts was a seemingly offhand remark on Thursday by Japanese Ministry of Finance official, who suggested that the decline in the yen might have run its course. The dollar promptly fell 1.5 per cent against the Japanese currency. This might be thought something of an over-reaction, were the official in question not Mr Eisuke Sakakibara.

Mr Sakakibara has a rare gift for controversy (rare, at least, within the Japanese bureaucracy). But as one of the chief architects of the strong dollar policy, he is not one to make offhand comments about exchange rates. Where "Mr Yen" goes, the currency tends to follow.

The dollar fared slightly better on Friday, but the woe on the trading floors was that the tide had turned. The dollar's slight downward lurch does not imply that its nearly 40 per cent rise against the yen since May 1995 is about to be reversed. But the official's comments, coupled with a pointed silence on the subject on the part of officials in Washington, do suggest that both sides think 40 per cent is enough. The question is whether they are right.

Recall the two main factors which previously kept the yen moving downward. First was the enfeebled state of the Japanese real economy and financial sector. Low interest rates and a declining yen between them promised to boost domestic and external demand. Equally, they offered a chance for indebted banks to recapitalise at home while erasing some of the heavy losses on foreign assets caused by the rise in the yen of the early 1990s.

Benign neglect

The second ingredient was US support. Satisfied that the Japanese trade surplus was at last on the decline, treasury secretary Robert Rubin turned the US administration from a policy of benign neglect of the greenback to one of actively talking it up. No-one, after all, had an

interest in seeing a further deflationary downturn in Japan. Both factors have lost some of their force in recent months. Growth of nearly 4 per cent in the year to July has boosted confidence somewhat in Japan, with both consumer spending and private investment showing clear signs of recovery. Equally, yesterday's first-half results from leading Japanese motor companies confirm that the devaluation policy has had the desired effects for exporters. Toyota's sales abroad rose 17 per cent in the first six months of 1996, largely thanks to revived demand in the US.

### US grumbles

Desired effects for Toyota City, perhaps not for Detroit. US manufacturers have been grumbling about the yen for some time. Some recent events on the ground have begun to support them. Wednesday brought news that reverse-imports into Japan of cars made by Japanese companies - that great symbol of revived US competitiveness - were 15 per cent lower in the first 10 months of 1996 than in the previous year. For its part, Honda has announced that production of the Accord wagon, one of the best-known reverse imports, will be moving back next year from its all-too-temporary home in Ohio. These and other incidents do not, yet, add up to a trend. But it may not take very many more for Washington to come under strong pressure to talk the yen back up.

Here, as Mr Sakakibara well knows, is where the danger lies. More than likely, the upturn in Japan's fortunes does merit a pause in the decline of the yen. Whether it should start rising again is another matter. Japan's recovery - and the banks' balance sheets - still need careful nurturing to avert another downturn, with a good part of the tender loving care being provided by a lower currency.

Neither Japan nor the US have an interest in a soggy dollar. Japanese companies are not the only ones to have been banking on a lower yen: so have many recent investors in Wall Street.

The day will come when Japanese interest rates rise, and many of those who have sought higher returns in New York start to think about taking their money back home. But that day has not yet come, because of the continuing weakness of the Japanese economy. Nor has the day for a weaker dollar.

## The soft American centre

Peaceful cohabitation by Clinton and Congress may be a pipe dream, says Patti Waldmeir

The American people have spoken: they want a divided government which cohabits in peace and pragmatism. Or at least that is the official version.

The White House certainly lost no time putting out the dominant message of the post-election period: the need for bipartisan co-operation between the re-elected Democratic president and the returned Republican majority in Congress.

Even before dusk on election night - when the outcome of the Congressional race was unclear and the presidential race only slightly less murky - Mr Mike McCurry, the White House spokesman, declared: "There is a centre in American politics: it can hold, it can govern."

Mr Bill Clinton's victory address was devoted to that theme. "It is time to put country ahead of party," he said, claiming a mandate for bipartisanship. Unfortunately, there is little evidence of such a mandate from the polls: it is far from clear that Americans cast a deliberate vote for cohabitation - and even less clear that peaceful coexistence is what they are going to get.

According to Mr Thomas Mann, a political scientist from the Brookings Institution, only between 13 per cent and 14 per cent of the electorate were "ticket-splitters" - those who chose one party for president and another for Congress. And many of those were Republicans who

simply could not bring themselves to vote for Mr Bob Dole, rather than modern-day devotees of the Founding Fathers' vision of a government balanced between the parties. Despite Mr Clinton's election-night proclamation that "the vital American centre is alive and well", the results show the centre was weakened by the election.

The waning of the centre in the Senate is the more dramatic, with the departure of many of those lawmakers who had given the upper house its image of moderation and pragmatism. Not least of these is Mr Dole, a gifted dealmaker if a flawed campaigner. He was replaced by Mr Sam Brownback, a veteran of the 1994 Republican revolution who crossed over from the House to run for Mr Dole's vacated seat.

This gulf between the two symbolises a Senate-wide shift to the right. In the House, too, the influence of moderates has declined. Departures include a disproportionate number of Republican moderates, with their replacements drawn from the ranks of more conservative southern Republicans.

Congressman Steve Gunderson, one of the remaining moderates, says he believes this fact alone will undermine the impulse to bipartisan pragmatism. Given the Republicans' slim majority, party leaders will be pressing hard for unity. Moderates will be forced to toe the line, he says, adding "pressure to prevent bipartisan co-operation will be great".



Spring

Mr Clinton will try to relieve these tensions by making bipartisan appointments to his cabinet, naming a prominent Republican perhaps as secretary of state or defense secretary. He might appoint Mr Dole as co-chairman of his promised bipartisan commission on entitlement reform of social security and Medicare (public health insurance).

The president's own aspiration to grandeur may force him to act in what the White House calls "a spirit of bipartisanship": entitlement reform would provide his best chance to secure a place in history as something more than a gifted campaign showman. And he cannot achieve that without support from across the aisle.

He will also need his opponents to achieve a more urgent priority: balancing the federal budget. Slaying the deficit dragon would also make him a candidate for presidential greatness - but he cannot do it on his own.

Some measure of cross-party agreement already exists, on the proposed \$500 (£305) child tax credit, capital gains tax relief for homeowners, and perhaps a college tuition tax credit or tax break for individual retirement accounts, a kind of private pension. Everything will depend on whether the spirit exists to do a deal.

That spirit could be poisoned early on if Republican leaders decide to pursue leftover scan-

dals from the first presidency. The controversy over foreign funding to the Democratic party provides them with perhaps their best chance yet to pin charges on Mr Clinton which stick: the scandal is fresh (unlike Whitewater, which dates from the previous decade), and the White House has so far done little to rebut it.

History would suggest that America is in for another rough cohabitation: that has been more the rule than the exception - especially in second presidential terms. The Founding Fathers were not averse to a bit of robust political balancing. They meant things to be so - even if most voters, in making their choice, probably did not know that.

## A voyage in choppy waters

Franklin D. Roosevelt landed in 1936 might have presaged plain sailing. But he was bitterly frustrated in his first term by Supreme Court vetoes blocking the creation of several New Deal agencies and set about packing it to his liking. The effort was a serious miscalculation, even though it gave the highest bench one of its great liberal justices in Hugo Black.

Ironically, the court he disliked so much had given the presidency (in the Curtiss-Wright judgment of 1934) inherent supremacy in foreign affairs. That proved FDR's shield for the

lendlease supply programme to Britain before US entry into the second world war in 1941.

Dwight D. Eisenhower's second term was also marred by the sort of ill-health Wilson had foreseen. It did not provide enough of a legacy to elect his vice-president, Richard Nixon, in 1960 - not least because of its neglect of growing racial and social problems.

It also featured in 1959 a record budget deficit, giving the lie to Ike's commitment to balancing the books, and questionable covert CIA operations in Indonesia (1958), Laos (1958) and Cuba

(1960). He made unprecedented use of the notorious doctrine of "executive privilege", invoked over 40 times to preserve administration confidentiality.

In his second term, Richard Nixon respected the harvest he had sown in his first four years - Watergate - and was forced to resign in 1974 to head off impeachment. That remains his unenviable enduring legacy.

Another scandal, though nothing like as fatal, befell Ronald Reagan after his 1984 landslide in the form of Iran-Contra. In this, briefly, the administration sold arms to Iran to finance

rightwing rebels in Nicaragua in contravention of an explicit congressional ban.

Arthur Schlesinger, the historian whose books on the presidency are invaluable sources, wrote that a second term for presidents "purifies neither their own performance nor the national attitude towards them". Or, as Clark Clifford, once the dean of Washington insiders, told Congress in 1971: "Concern for one's own political future can be a powerful stimulus to responsible and responsive performance in office." Bill Clinton, unable to run again, has been warned.

Jurek Martin

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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### Keynesian only when innovative

From Mr Francis Woehrling.  
Sir, I beg to disagree with Michael Frowse ("Spurning Keynes, November 4). In 1989 Nixon was converted by Rockefeller into running for the presidency on the slogan: "I also am a Keynesian". Today the "archaism" Clinton has run against the mediocre innovator Dole on an analogously conventional slogan: "I also am a budget cutter".

The difference is that in 1980 it was the Keynesian innovations that enabled Kennedy to combine tax cuts with a modest fiscal stimulation to help a basically healthy economy overcome moderate "supply side" problems. Kennedy's innovative experiment was a success; its legacy was ruined by the unimaginative excesses of Johnson and the

Nixon boom that bust into the 1973 oil crisis. I am afraid that Clinton is an economist of the Nixon-Johnson vintage and not an innovator like Kennedy or Reagan.

Today governments rush into budget cutting with the same blind haste with which they accumulated deficits and "recycled oil revenues" 20 years ago. The slogans and their theoretic drapings have changed, not the herd-like responses of bureaucrats.

I am afraid that precipitate budget cutting will lead to another dip in the recovery and the saddest result of this "policy co-ordination" may well be the revival of some neo-Keynesian fads as Keynes will appear to be proven right (for the wrong reasons).

Keynes was not wrong in describing the workings of the budget multiplier, he was wrong in believing that governments would correct "herd-like" developments. Paradoxically, it is the Bundesbank that warns today against untenable and precipitate budget cuts just as in 1973 it began to float against the dollar to counter the dominant policy. It is Keynes' belief in the capacity of governments to take corrective actions that has become problematic and on this point Clinton has remained a true Keynesian: do not wait for him to take macroeconomics out of the G7.

Francis Woehrling,  
33 Boslaan,  
3090 Overijse,  
Belgium

### Advantage put at risk

From Mr S.K. Rao.  
Sir, You applauded the UK chancellor's decision to raise interest rates ("Nudge to UK interest rates", October 31). I believe that he was mistaken in nudging the interest rate up at this stage. This is likely to strengthen the pound further; exports, which are under some pressure due to the recent appreciation of the pound, are likely to come under further pressure. The UK will lose a valuable advantage it has gained in export markets.

The evidence on inflationary pressures is far from convincing. It is also doubtful whether it is right to pitch the inflation target at less than 2.5 per cent, when there is mounting evidence from research by the International Monetary Fund and others in support of the existence of a trade-off between a slightly higher inflation rate and higher growth. Unemployment remains acceptably large.

To sacrifice growth to achieve low inflation will neither be conducive to achieving social stability or budget balance. Public borrowing requirement will increase not only because of the direct interest rate effect, but also because of the fall in revenues and the rise in social welfare expenditure associated with a lower growth scenario. I believe the Maastricht criteria are leading the UK, and other monetary union aspirants, into a trap of low inflation, low growth and high unemployment.

Siripurapu K. Rao,  
5 Maresfield Gardens,  
London NW3 5SY

### Patience the key to best of Ireland's food

Sir Josslyn Gore-Booth.  
Sir, Under the portentous banner "Truth of the Matter" you published an article by Kieran Cooke ("The Irish enigma", October 26/27) which described the difficulties encountered by his rich Breton friend in finding good food in the west of Ireland. Can one who has devoted much of his spare time in the past 30 years in this pursuit paint a different picture?

The days of Irish Danish Blue are over. Ireland now produces a bewildering variety of cheese as good as in any country in the world, save possibly France.

Within 10 miles of here, I can buy fresh, live lobsters (and langoustes) from a man at Mullaighmore: clams and both sorts of

oyster from the farm on the bay; and as good a variety of meat, wet fish and dairy products from shops in the town as is available anywhere in the British Isles.

There are restaurants that I would not hesitate to recommend dotted along the west coast; one small town in Connemara that I visited recently had more than 30, the best being excellent.

I am afraid that the key is to be both patient and curious: patient because life is conducted at a more natural pace here; and curious because many sources of food are not so much involved in retailing as in the chain of distribution. As is the case in other lightly populated areas (the Scottish Highlands is the most obvious example), fish is caught, col-

Josslyn Gore-Booth  
Lissadell House,  
Ballinfull,  
Co. Sligo,  
Ireland

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FINANCIAL TIMES  
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**M**r Bill Clinton swept back into the White House this week thanks to the women of America. If the presidential election had been decided on the votes of men alone, Mr Bob Dole would have spent the past few days planning his new administration instead of planning his retirement.

While Mr Clinton returned in triumph to Washington, Mr Tony Blair, leader of the UK Labour party, was denying reports that he had changed his coture as part of a strategy to woo British women voters.

Mr Blair denied changing his hairstyle, but aides confirm that he is attempting to raise his appeal to women. According to polling evidence, he is less popular among women than men - and his closest female advisers have told him to adopt a range of measures to close the gender gap.

It is a curious state of affairs. Mr Clinton, accused of being a serial womaniser and trusted by less than half the American electorate, scored a decisive victory over Mr Dole among women. According to exit polls, the result was a record 17-point difference in the presidential voting patterns of the two sexes.

Meanwhile Mr Blair, whose image is that of the clean-living family man, is much more popular with men. According to a Mori

# Voters look beyond the fringe

Mr Blair's desire to improve his appeal to the female electorate reflects the Labour party's attempts to bridge the gender gap, say George Parker and Liam Halligan

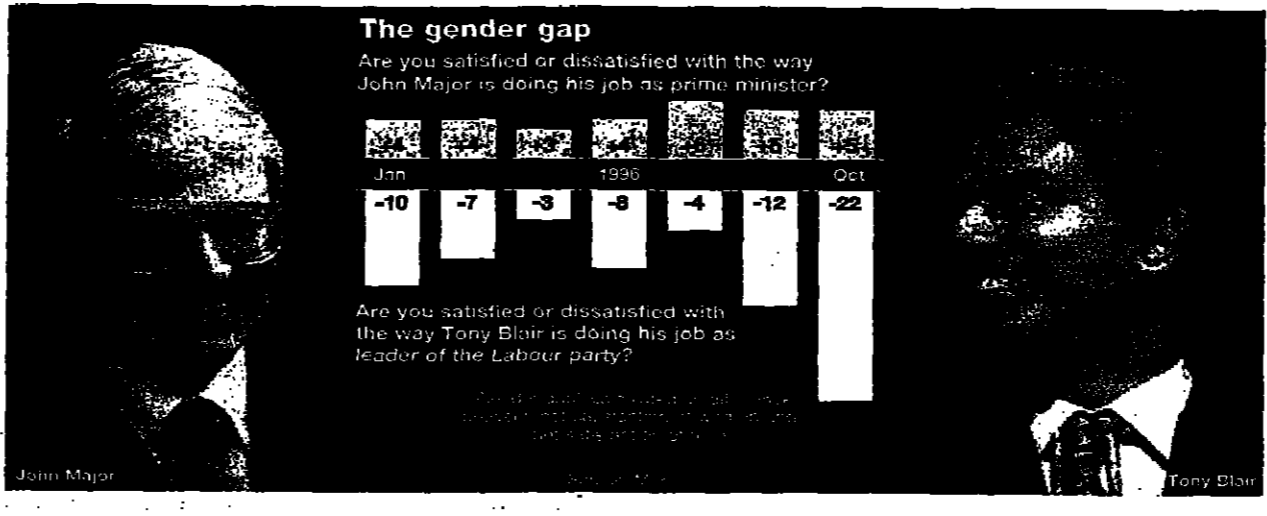
poll in October, 60 per cent of men were satisfied with his performance as Labour leader, compared with 43 per cent of women. Similar results emerge from focus groups, where target voters are encouraged to talk about politicians and their policies in depth.

"Our focus groups suggest women think he is a bit of a goody-two-shoes," says Mr Gordon Heald, managing director of the Opinion Research Business. "There is a general feeling that he is the nearest thing to a school creep."

Conservative Central Office says its focus groups of the voters likely to decide the outcome of the next election repeatedly describe the Labour leader as "amarny".

"His hair and his grin go towards creating an image of someone who is slick and not trustworthy," says Mr Andrew Cooper, deputy director of the Tory Research Department. Some women say Mr Blair reminds them of an estate agent.

According to the Mori poll, the gender gap has widened during the late summer and autumn. Mr Heald believes the widely criticised Tory poster depicting Mr Blair



with demon eyes and a manic grin may have succeeded in reinforcing a feeling among some voters that he is insincere.

In an attempt to build a new rapport between the Labour leader and women voters, Mr Blair's female colleagues at Westminster have proposed a new strategy. He should undertake more visits to "feminine" environments such as hospitals and schools.

"He tends to be seen at business conventions sur-

rounded by men in suits - we've got to change that," says one Labour MP close to Mr Blair.

The Labour leader has also been advised to speak less grandly about the economy and to talk directly about cash and household budgets. More women are being lined up to appear on Labour platforms.

Politicians know their popularity depends not just on their policies, but how they present them. In this respect, Mr Clinton was dou-

bly successful in winning over women voters.

He deliberately set out to claim the female vote. He was trusted in his commitment to preserving federal programmes to protect the most vulnerable, he espoused choice on the question of abortion and he supported the use of V-chips to screen out violent or sexually explicit television programmes.

But crucially Mr Clinton was able to sell his policies, attracting labels such as

"smart" and "sexy" from focus groups. American women tended to see Mr Dole as a grumpy old man.

Mr Blair does not have a problem with his policies. Opinion polls and focus groups show Labour to be much more popular than the Conservatives on issues in which pollsters say women take a particular interest, such as education, health and law and order. But the impact of Labour's message is diluted by women voters' distrust of the party's leader.

be the most enthusiastic voters - younger voters are less likely to turn out.

By contrast, Mr John Major, the prime minister, has a loyal constituency among older voters. His relative popularity among them was reflected in his appearance in a list of "50 favourite men" compiled for Woman's Hour, a programme on BBC Radio 4. Ms Sally Feldman, the co-producer, said many respondents described the prime minister as "sexy".

Opinion polls suggest voters tend to find him trustworthy and sincere, even if they also find him weak and indecisive. Mr Nick South, a senior strategist with the centrist Liberal Democrats, says his party's polling suggests a "sympathy factor" at work.

"People feel sorry for John Major because he's always been bashed around by his party," says Mr South. "People see Blair as being too much in control and perhaps slightly plastic."

The Conservatives were quick to capitalise on Mr Blair's discomfort over his hair. Downing Street even drew the attention of lobby correspondents to Mr Major's "full head of hair".

But the prime minister has no grounds for complacency. Women may be less disappointed in Mr Blair's leadership than men, but the poll evidence shows the prime minister's unpopularity remains high and cuts across the gender divide.

# A crash that wants to go with a bang

Sales of video and computer games are rising but the market is crowded, says Alice Rawsthorn

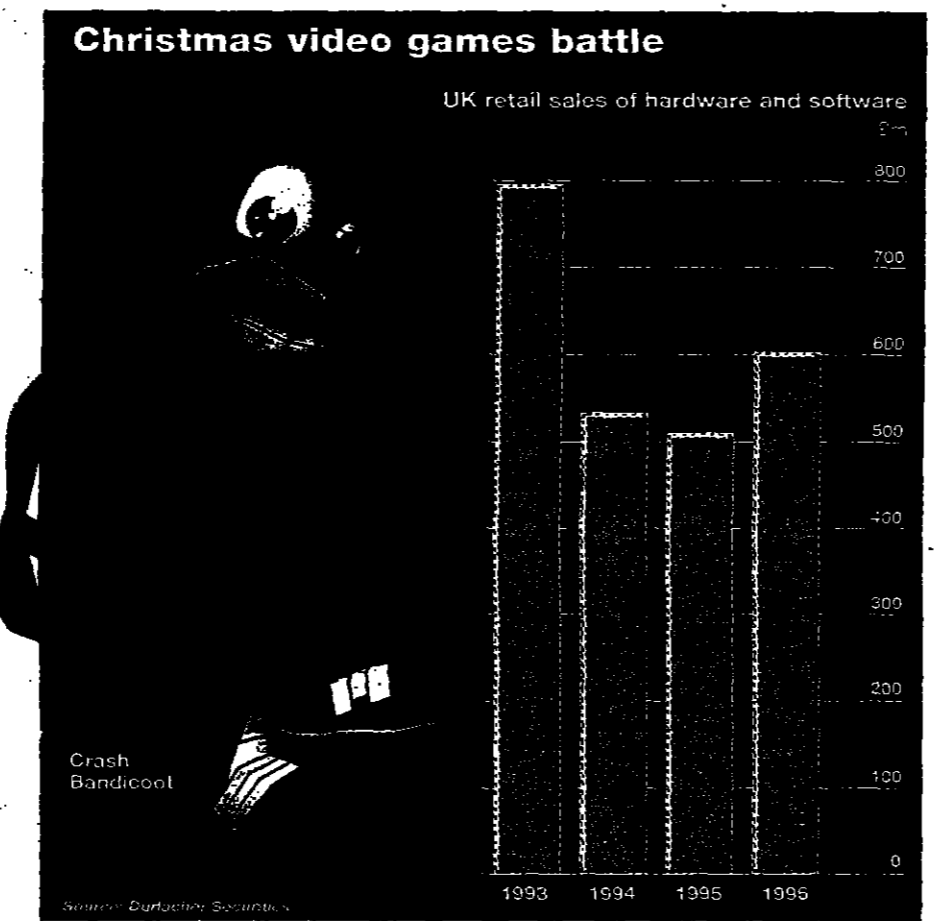
**A** new character is appearing in the shops this weekend: Crash Bandicoot, a lovable rogue who dodges rolling rocks, marauding monsters and other perils to rescue Tawna, his Pamela Anderson-lookalike girlfriend.

Crash is the star of a video game created by Naughty Dog, the US software house, for Sony's PlayStation games console. Sony hopes it will be a best-seller this Christmas and that Crash will become a stock game character alongside Nintendo's Super Mario Brothers and Sega's Sonic the Hedgehog.

Yet Crash Bandicoot is entering a crowded market with competition from scores of other expensively produced games designed for specialist games machines and PCs. With the product life of even successful games falling to a matter of months, Sony faces tough task in establishing him as a durable character.

The good news for Sony is that sales of video and computer games are rising worldwide, although the games market is still below its peak in the early 1990s. Then, the arrival of a new generation of consoles, Sega's Megadrive and the Super Nintendo Entertainment System, sparked a surge of new launches to take advantage of the latest 16-bit technology that offered much better graphics than the 8-bit range.

Mr Nick Gibson, games analyst at Durlacher Securities, estimates that UK retail sales of games hardware and software reached £797m in 1993, but fell to £509m in



1994. Other countries followed the same pattern. Last year the market rallied, reaching £800m. One catalyst was increased sales of computer games, as 1995 was the first year when most new personal computers were fitted with CD-ROM drives which give PCs similar capacities to the specialist games machines. Another was the launch of the Sony PlayStation and Sega Sat-

urn, faster and more powerful 32-bit consoles offering three-dimensional graphics.

Sales of 32-bit systems have accelerated this year as prices tumbled from £229 at their UK launch a year ago to £199 (£225). So far Sony's PlayStation is outselling Sega's Saturn, with sales of 2m in Europe against nearly 1m for the latter.

Both machines have continued to increase sales in

Japan and North America since this autumn's launch in those markets of the Nintendo 64, the 64-bit console which is even more powerful than the 32-bit systems. Sales have reached 2m units and Nintendo expects to sell 6m in the first full year. The 64 has also set a precedent in software sales as almost every purchaser has also bought the 64-bit version of the Super Mario game that

made earlier Nintendo machines so popular - spawning a range of toys, other merchandise and even a full-length film.

Nintendo will introduce its new system to Europe next spring, with an expected price of £249. Retailers had expected Sony and Sega to slash the price of their 32-bit consoles to about £149 in the UK to boost Christmas sales. The expectation is that this will now happen just before the launch of the 64.

"The PlayStation and Saturn are great machines, but they won't reach the heights of the 16-bit consoles at their current prices," says Mr Gerry Berkeley, head of games at the HMV store chain. "They'll both have a good Christmas but most parents can't afford to spend £199 on a child's present."

Sony and Sega regard their consoles as a loss-leader and have been willing to cut prices to build a consumer base for profitable games. For the 32-bit systems, these normally sell for between £44.99 and £49.99.

So far the most successful 32-bit titles have been motor racing formats, notably Sony's Formula One, and violent games. The latter are categorised by the industry in two self-explanatory genres: "smash 'em up" and "beat 'em up" - such as Sony's chart-toppers, *Wipeout 2097* and *Tekken 2*.

These titles appeal to older teenagers but Sony is pitching *Crash Bandicoot* at a younger market. The new game is aimed at children between 10 and 14 - the age group that made such a profitable market for the first generation of 8-bit games

such as Sega's *Sonic* and Nintendo's *Super Mario*.

But the gamesmakers now realise that new titles have a limited lifespan. Even best-selling 32-bit titles, such as *Sega Rally*, a popular racing game last winter and spring, only remain on sale for a few months. Flops are often dropped by retailers after only a few days.

Competition in the PC games market is even more intense. Many more titles have been launched, largely because software developers switched to PC games after seeing the market for specialist games machines decline so dramatically after the introduction of 16-bit consoles. Discounting is rife: for example, Virgin Interactive's *Command & Conquer: Tiberian Dawn* is eagerly awaited PC titles, is likely to sell for £29.99 when it goes on sale this month, against a recommended price of £49.99.

At the same time, the cost of developing new software has spiralled with the emergence of more sophisticated 32-bit and 64-bit technology. This increase in costs, coupled with shorter product lifecycles, is imposing intense financial pressure on the games industry as the risk, and cost, of product failure escalates.

But there is no end in sight for the industry, with even more games launches in the pipeline for Christmas 1997. Sony and Sega have yet to decide whether to follow Nintendo into 64-bit technology. But with new types of games emerging - notably online games played over the Internet - the pace is unlikely to ease.

# Tony Jackson on the furore over plans to expand Oxford's business school

## Nightmare in the dreaming spires

**O**xford, Matthew Arnold famously remarked, is the home of lost causes. Some would say he was proved right this week, with the university's rejection of £20m from the Saudi businessman Mr Wafic Said to build a business school.

There is an irony here. The affair is a classic public relations cock-up: the kind of no-win position managers are trained to avoid.

Whether or not Oxford builds a new business school, its administrators could usefully spend some time at one.

The objections to the plan appear to fall under three headings. First, the proposed site is a greenfield one, and the university had promised not to build on it. Second, Mr Said stands accused of being an arms dealer, or "merchant of death". Third - least explicit, but not necessarily least important - business studies are horrid and vulgar, and intellectually disreputable.

Mr Said's bid for the new building is indeed a greenfield smack in the middle of the city. It is not one of the big open spaces with which Oxford is so handsomely endowed. It is a humdrum playing field, surrounded by buildings - some of them ugly.

The university apparently gave an informal promise some 30 years ago not to build on it. If it now proposes to break that promise, so much the worse. Either way, it has managed to manoeuvre itself into a rare old ethical muddle.

What of Mr Said? The one thing against him appears to be his involvement in the Al Yamamah arms contract with Saudi Arabia.

This seems odd. He claims not to have received any payment from the project. Fellow lobbyists for the contract included British government ministers and the chief beneficiary, British Aerospace, was until comparatively recently state-owned.

While Mr Said seems perfectly respectable, let us assume for the sake of argument he is not. What then? Money, said the Emperor Vespasian 1,900 years ago, has no smell. That is, money from a tainted source can still be put to a good use.

This is a slightly tricky one. The emperor was defending his tax on the collection of urine from Rome's public conveniences. Tax or no tax, people will still relieve themselves.

But Oxford might argue that sanctioning undesirable by taking their money could encourage them. The argument, perhaps, comes a little late in the day. Several founders of Oxford colleges, from the Middle Ages

# If more people can climb Everest, why can't more get As at school, asks Nicholas Timmins

## A degree of uncertainty in education

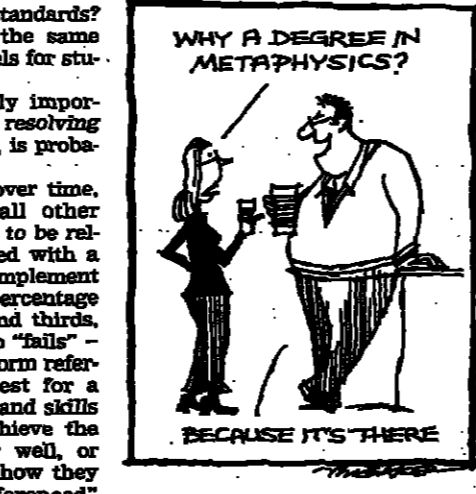
**M**ore will mean worse," that old curmudgeon Kingsley Amis famously declared in 1960, ahead of the Robbins report which launched the first great expansion of university education in the UK.

The late novelist's view will be echoed this week after a report from the Higher Education Quality Council. It demonstrates that more people in Britain are getting degrees - scarcely surprising given that a third of 18-year-olds now enter higher education, against 6 per cent when Amis spoke. But it also shows a higher proportion are getting "good" degrees: firsts and upper seconds move from 80 per cent in 1989 in the eight subjects surveyed against a mere 42 per cent 20 years before.

Are degrees getting easier, or are universities and students getting better at their work?

It is an argument, says Mr Peter Wright, co-ordinator of the council's research programme on standards, that universities will never win. "If more students get better degrees, then people say standards are falling. If fewer people get better degrees, then equally, people will say that standards must be falling."

Whether or not universities are suffering from "degree inflation" is only the pinnacle of an argument which afflicts the whole of UK education. Do more and better GCSE results for 16-year-olds mean rising



achievement or falling standards? What is the answer to the same question applied to A-levels for students two years older?

The question is plainly important. The difficulty lies in resolving an issue that, in practice, is probably insoluble.

For the truth is that, over time, degree standards and all other examination results have to be relative. Examiners are faced with a choice. They can either implement a system where a given percentage will get firsts, seconds and thirds, or As, Bs and Cs, down to "fals" - an approach known as "norm referencing". Or they can test for a given level of knowledge and skills and allow those who achieve the standard to pass, either well, or very well, depending on how they do - the "criterion referenced" approach.

The first has fallen out of favour: and for good reasons. Tempting though it sounds, it is unfair. Take a year of dunderheads. Under norm referencing, the top 10 per cent, say, of the dunderheads will get a first, despite being dunderheads; at least some of the Nobel laureates will fall. Under criterion referencing, the Nobel laureates will all pass and the dunderheads all fail.

But even under criterion referencing, standards cannot be immutable because knowledge changes. This is obvious in the sciences, where a finals degree in 1950 could

not have asked about the structure of DNA.

But changing knowledge applies equally to the arts. A mid-1960s English literature degree at one of the older UK universities required an extensive knowledge of the ancient language of Anglo-Saxon, but none of structuralism. How do you compare that degree to one taken in the mid-1990s, when "English literature" is likely to embrace American writers and quite possibly someone such as Gabriel Garcia Marquez in translation? It is not possible.

The question to which everyone wants an answer is thus probably impossible to test scientifically, as

Professor Keith Crawford, the author of this week's study, argues. "Viewed over time," he maintains, "degree standards are relative not absolute. Immutable, criterion-referenced yardsticks of achievement are not compatible with advancing knowledge, shifting disciplinary boundaries and changing views regarding the appropriate balance between subject-specific knowledge and more general transferable skills."

It is true that changing methods of assessment may also have raised the proportion of good degrees. "Testing a wider range of skills than simply the ability to perform well in nine or so three-hour exams after three years at an English university may be an idea that fills with horror those who were good at that but somewhat lacking in other forms of application; but it may indeed produce higher levels of achievement."

And higher levels of achievement are, after all, what larger doses of higher education are aimed at. Take an analogy. In physical activities, the world expects records for running, jumping and rowing to be steadily and progressively broken. Physical health and skills improve. Why should there be panic when more people similarly achieve more at mental activities?

Or take another. In 1953, Sir Edmund Hillary and Sherpa Tenzing climbed Everest for the first time. This year, just over 90 people will do so. Has Everest got

opportunities Europe

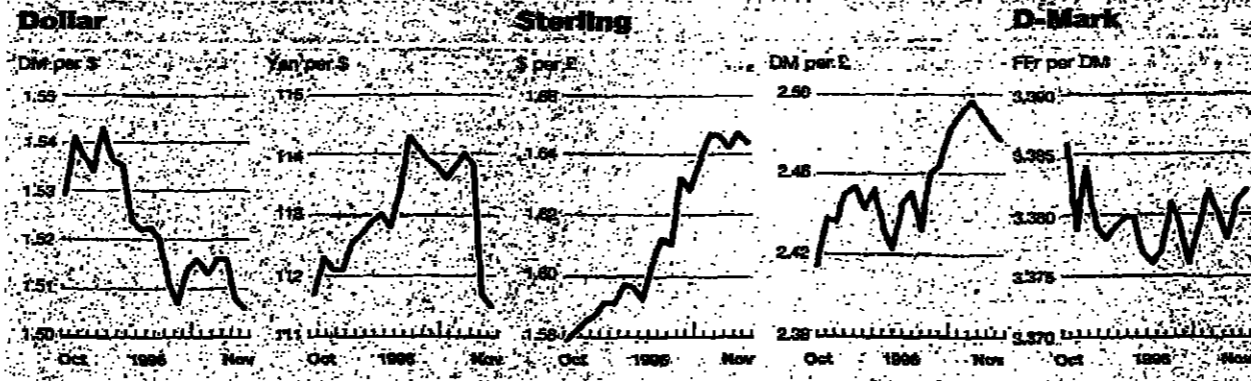
CURRENCIES AND MONEY

Dollar falls

MARKETS REPORT  
By Graham Bowley

The dollar continued its descent on the foreign exchanges yesterday, edging lower against the yen and D-Mark following comments earlier in the week from Japan's Ministry of Finance. The comments, which pushed the dollar sharply lower on Thursday, were seen by the market as a strong signal that the Japanese authorities were no longer content with further weakening of the yen.

In the European session but weakened slightly in later trading as the dollar fell. The Australian dollar recovered after falling sharply on Thursday following the yen's rise against the US dollar. The Canadian dollar traded calmly after the Canadian central bank cut short-term interest rates by a quarter point. It cut its key bank rate by 25 basis points to 3.25 per cent to offset tightening monetary conditions caused by the currency's recent strength.



Sterling closed against the D-Mark at DM2.4768 from DM2.4829, and against the dollar at \$1.6447 from \$1.6487. Sterling's trade-weighted index closed at 90.8.

Alain Juppe, the French prime minister, had been sacked also caused the French franc to weaken. Most of the market's attention was directed towards working out what the Japanese Ministry of Finance's policy towards the yen was.

to an end and that the Ministry of Finance was no longer trying to weaken the yen. Mr Jeremy Hawkins, chief economist at Bank of America in London, said the dollar's decline yesterday was still a reflection of the shift in Japan's attitude towards the yen.

The Australian dollar regained some poise yesterday after coming under downward pressure following the Japanese Ministry of Finance comments. Traders said the Australian dollar had in the past benefited from capital flows from Japan into the Australian government bond market.

POUND SPOT FORWARD AGAINST THE POUND

Table with columns: Nov 8, Closing mid-point, Change on day, Bid/offer spread, Day's high/low, One month rate, Three months rate, One year rate, Bank of England index.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Nov 8, Closing mid-point, Change on day, Bid/offer spread, Day's high/low, One month rate, Three months rate, One year rate, J.P. Morgan index.

EMU EUROPEAN CURRENCY UNIT RATES

Table with columns: Nov 8, Euro cent, Rate against Euro, Change on day, % of 100 spread, % of 100 spread, % of 100 spread.

WORLD INTEREST RATES

Table with columns: MONEY RATES, Over night, One month, Three months, Six months, One year, Lend, Bid, Ask, Prev.

EURO CURRENCY INTEREST RATES

Table with columns: Nov 8, Short term, 7 days notice, One month, Three months, Six months, One year.

CROSS RATES AND DERIVATIVES

Table with columns: EXCHANGE CROSS RATES, Nov 8, Bid, Offer, DM, FF, L, Pts, Sfr, S, Y, Esc.

EMU EUROPEAN CURRENCY UNIT RATES

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BASE LENDING RATES

Table with columns: Bank, Rate, %.

THREE MONTH STERLING FUTURES (LIFE) £500,000 points of 100%

Table with columns: Dec, Mar, Jun, Sep, Open, Settle, Price, Change, High, Low, Est. vol, Open Int.

THREE MONTH EURO DOLLAR FUTURES (LIFE) \$100m points of 100%

Table with columns: Dec, Mar, Jun, Sep, Open, Settle, Price, Change, High, Low, Est. vol, Open Int.

THREE MONTH EURO FRANK FUTURES (LIFE) 100m points of 100%

Table with columns: Dec, Mar, Jun, Sep, Open, Settle, Price, Change, High, Low, Est. vol, Open Int.

THREE MONTH EURO SWISS FUTURES (LIFE) 100m points of 100%

Table with columns: Dec, Mar, Jun, Sep, Open, Settle, Price, Change, High, Low, Est. vol, Open Int.

UK INTEREST RATES

Table with columns: LONDON MONEY RATES, Over-night, 7 days notice, One month, Three months, Six months, One year.

THREE MONTH STERLING FUTURES (LIFE) £500,000 points of 100%

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THREE MONTH EURO SWISS FUTURES (LIFE) 100m points of 100%

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UK CLOSING BANK BASE LENDING RATE

Table with columns: UK closing bank base lending rate, Up to 1-3, 3-6, 6-9, 9-12 months.

THREE MONTH STERLING FUTURES (LIFE) £500,000 points of 100%

Table with columns: Dec, Mar, Jun, Sep, Open, Settle, Price, Change, High, Low, Est. vol, Open Int.

BASE LENDING RATES

Table with columns: Bank, Rate, %.

EURO DOLLAR OPTIONS (LIFE) \$100m points of 100%

Table with columns: Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

EURO FRANK OPTIONS (LIFE) 100m points of 100%

Table with columns: Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

EURO SWISS OPTIONS (LIFE) 100m points of 100%

Table with columns: Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

OTHER CURRENCIES

Table with columns: Nov 8, Bid, Offer, DM, FF, L, Pts, Sfr, S, Y, Esc.

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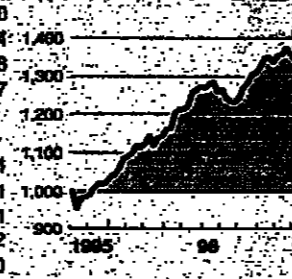
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UNIT TRUSTS

WINNERS AND LOSERS

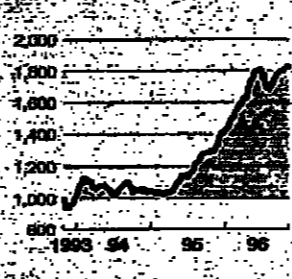
TOP FIVE OVER 1 YEAR
Johnson Fry Slater Growth
NatWest UK Smaller Cos
Gartmore UK Smaller Companies

Mercury Recovery



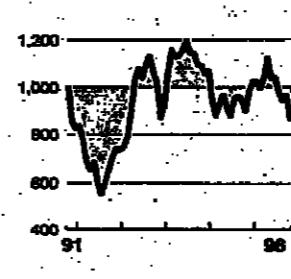
TOP FIVE OVER 3 YEARS
Proflite Technology
NPI Samuel US Smaller Cos
PM North America Growth

Laurence Keon Sm Cos



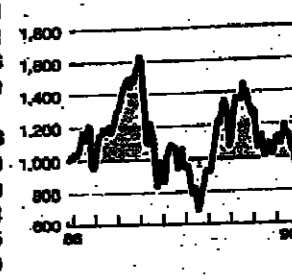
TOP FIVE OVER 5 YEARS
Perpetual American Smaller Cos
GT Orient Acc
Proflite Technology

Invesco Japan Growth



TOP FIVE OVER 10 YEARS
Hill Samuel US Smaller Cos
HSBC Hong Kong Growth
Gartmore American Emer Gth

M&G Japan & General



BOTTOM FIVE OVER 1 YEAR
GT Korean Securities
Save & Prosper Korea
Baring Korea

BOTTOM FIVE OVER 3 YEARS
Save & Prosper Korea
Govett Japan Growth
GT Korean Securities

BOTTOM FIVE OVER 5 YEARS
Friends Prov Japanese Sm Cos
Govett Japan Growth
Baring Uni Japan Inc

BOTTOM FIVE OVER 10 YEARS
Barclays Uni Japan Inc
Mercury Japan
Waverley Australasian Gold

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. Source: HSW (01625 511311)

Indices
Average Unit Trust
Average Investment Trust
Building Society

UK Eq & Bd
BWD Balanced Portfolio
NPI UK Extra Income Inc

UK Growth
Jupiter UK Growth
Johnson Fry Slater Growth
Credit Suisse Fellowship Inc

UK Growth & Income
Mercury UK Equity
Proflite UK Blue Chip
Perpetual Income

UK Smaller Companies
Laurence Keon Smaller Cos
Gartmore UK Smaller Companies
INVESCO UK Smaller Companies

UK Equity Income
Jupiter Income
GT Income
BWD UK Equity Income

UK Equity & Bond Income
Proflite Extra Income
Baillie Gifford Conv & General
CU PPT High Yield

UK General
Finabury Trust
Mercury Keystone
Finabury Growth

UK Growth & Income (continued)

UK Smaller Companies (continued)

UK Equity Income (continued)

UK Equity & Bond Income (continued)

UK General (continued)

UK General (continued)

UK General (continued)

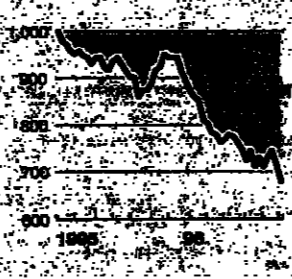
UK General (continued)

INVESTMENT TRUSTS

WINNERS AND LOSERS

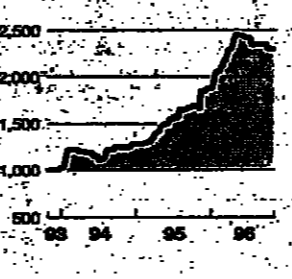
TOP FIVE OVER 1 YEAR
Scottish National Capital
TR Technology
Baring Emerging Europe

Invesco Korea



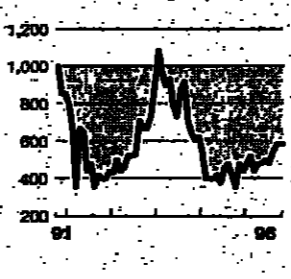
TOP FIVE OVER 3 YEARS
TR Technology
Kleinwort Development Fund
Invesco Korea

Kleinwort Develop Fund



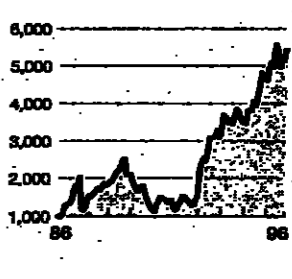
TOP FIVE OVER 5 YEARS
TR Technology
MGT Capital
Foreign & Colonial Enterprises

Scottish National Capital



TOP FIVE OVER 10 YEARS
Candover
Rights & Issues Inc
Rights & Issues Capital

North Atlantic Small



BOTTOM FIVE OVER 1 YEAR
East German
Emoor Dual Capital
Korea-Europe Fund

BOTTOM FIVE OVER 3 YEARS
East German
Emoor Dual Capital
Emoor Dual Inc

BOTTOM FIVE OVER 5 YEARS
Emoor Dual Capital
Emoor Dual Inc
Compa-Cyclical Capital

BOTTOM FIVE OVER 10 YEARS
Newmarket Venture Capital
Trust of Property Shares
Franklin Income & Capital

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. For investment trust prices see main paper.

UK General
Finabury Trust
Mercury Keystone
Finabury Growth

UK Capital Growth
Kleinwort Endowment Policy
Fleming Enterprise

UK Income Growth
Morgan Grenfell Equity Income
Value and Income
M&G Income (Units)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK Capital Growth (continued)

UK Income Growth (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

Smaller Companies
INVESCO English & Int
Henderson Strata

UK Income Growth (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK Income Growth (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

Venture and Devt Cap
Kleinwort Development Fund
Candover

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK Income Growth (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

International General
Personal Assets
Law Debenure Corporation

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UK General (continued)

UNIT TRUST LAUNCHES
Manager (Telephone)
Sector
Asiam Smaller Companies Trust

Table with columns for Manager, Sector, and various performance metrics for unit trust launches.

Glossary

Performance: Tables like these are full of traps for the unwary. Trap 1: don't expect them to tell you which trusts will do best in future - they are merely a historic record. Trap 2: don't make minute comparisons of unit and investment trusts - the unit trust figures take account of the spread between buying and selling prices; the investment trust ones take mid-market prices in both cases. So comparisons flatter investment trusts. Volatility: Shows the absolute variability of a trust's performance. A rule of thumb, the more volatile a fund's progress, the higher the return investors demand from it to compensate for the additional risk. Unusually volatile funds should be avoided by anyone investing over the short or medium term or those who cannot afford big losses. But investors who can afford to take a long-term view may want to have some high risk/high reward trusts in their portfolio to spice it up. Yield: Even this has traps for the unwary. Most unit trusts charge their management expenses against income, so the yield is net of expenses. But a recent rule change means that trusts are allowed to charge some or all of their management expenses to capital, thus inflating the yield. Our managed funds pages identifies those trusts which charge to capital. Investment trusts used all to charge expenses against income, but some now charge some against capital.

FT MANAGED FUNDS SERVICE

Authorised Unit Trusts

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 878 4378 for more details.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Bank of Ireland Fund Mgrs Ltd, Conservative Unit Trust Mgrs Ltd, and others, with columns for fund name, currency, and price.

WORLD ACCOUNTING REPORT advertisement. Text: 'World Accounting Report is succinct and accurate and has a reputation for finding out what its readers need to know. Using its world network of professional correspondents, this monthly newsletter provides you with comprehensive coverage of new developments in accountancy and their practical implications for your business.' Includes contact information for FT Financial Publishing.

Continuation of the FT Managed Funds Service table, listing various unit trusts and their details.

Guide to pricing of Authorised Unit Trusts. Text: 'Initial charges: Charges made by a unit trust manager... Historic pricing: The letter H denotes that the manager will normally quote on the price set on the most recent valuation... Selling prices: Also called offer price... Treatment of manager's periodic charges: The letter C denotes that the trust charges all or part of the manager's periodic charges from capital... Exit charges: The letter E denotes that an exit charge may be made when you sell units... FTIC: The line shown alongside the fund manager's name is the title of the unit trust's individual unit trust name... Association of Unit Trusts and Investment Funds, 40 Abchurch Lane, London, EC4A 3DF. Tel: 071-521-0267.

FT MANAGED FUNDS SERVICE

Authorised and Insurances

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 174) 878 4878 for more details.

Table listing various unit trusts and managed funds, including names like Norwich Union, Scottish Mutual, and Aberdeen, with columns for fund names and prices.

HELP FILL THE CARE GAP IN BRITAIN. THE Macmillan APPEAL. Over one million people are living with cancer in Britain today - and the number is growing. We need 150 more nurses before the end of this year to bring their unique care and relief to many more patients. Give now - it's in all our interests. (1 in 3 get cancer).

Form for Macmillan Appeal donation. Includes fields for name, address, phone, and checkboxes for pledge amounts (£5, £10, £25, £50, Other). Also includes a section for 'OTHER UK UNIT TRUSTS' listing various trusts.

PROPERTY UNIT TRUSTS

Table listing property unit trusts such as Aberdeen Property Unit Trust, Black Horse Life Assurance, and others, with columns for trust names and prices.

INSURANCES

Table listing insurance policies from companies like AA, Axa, and others, with columns for policy names and prices.

Large table on the right side of the page listing various insurance and investment products, including life insurance, annuities, and other financial services, with columns for product names and prices.

Insurances, Money Markets and Other

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (44 171) 874 4376 for more details.

Main table containing financial data for various insurance and fund services, organized in multiple columns with headers for company names and fund types.

Money Market Trust Funds

Table listing Money Market Trust Funds with columns for fund name, price, and other details.

Money Market Bank Accounts

Table listing Money Market Bank Accounts with columns for bank name, account type, and interest rates.

MANAGEMENT SERVICES

Table listing Management Services with columns for service name, provider, and contact information.

Vertical advertisement on the right side of the page, including 'OFFSHORE AND OVERSEAS', 'BERMUDA REGULATED', and 'GUERNSEY REG CO LIMITED'.







FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 673 4876 for more details.

Main table containing fund names, prices, and performance metrics. Includes columns for fund name, price, and various performance indicators.

Advertisement for Imperial Cancer featuring a photo of a woman and text: 'Every day, we help thousands of people like Zoe fight cancer. Give people with cancer a fighting chance...'

OTHER OFFSHORE FUNDS

Table listing other offshore funds with columns for fund name, price, and performance.

MANAGED FUNDS NOTES: Please note that these are offshore funds and are not regulated by the Financial Services Authority...

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Nov 8 / US\$)

Table listing US stock market data including S&P 500, Dow Jones, and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

UNITED KINGDOM (Nov 8 / £)

Table listing UK stock market data including FTSE 100 and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

FRANCE (Nov 8 / FrF)

Table listing French stock market data including CAC 40 and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

GERMANY (Nov 8 / DM)

Table listing German stock market data including DAX and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

ITALY (Nov 8 / Lit)

Table listing Italian stock market data including FTSE MIB and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

SPAIN (Nov 8 / Ptas)

Table listing Spanish stock market data including IBEX 35 and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

NETHERLANDS (Nov 8 / Fl)

Table listing Dutch stock market data including AEX and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

SWITZERLAND (Nov 8 / FrS)

Table listing Swiss stock market data including SMI and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

FINLAND (Nov 8 / FMk)

Table listing Finnish stock market data including HEX and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

IRELAND (Nov 8 / Ir£)

Table listing Irish stock market data including ISEQ and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

PORTUGAL (Nov 8 / Esc)

Table listing Portuguese stock market data including IML and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

GREECE (Nov 8 / Dr)

Table listing Greek stock market data including ASE and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

TURKEY (Nov 8 / TL)

Table listing Turkish stock market data including BIST and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

ISRAEL (Nov 8 / NIS)

Table listing Israeli stock market data including TA35 and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

INDONESIA (Nov 8 / Rp)

Table listing Indonesian stock market data including IHSG and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

THAILAND (Nov 8 / Baht)

Table listing Thai stock market data including SET and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

PHILIPPINES (Nov 8 / P)

Table listing Philippine stock market data including PSE and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

VIETNAM (Nov 8 / VND)

Table listing Vietnamese stock market data including HNX and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

CHINA (Nov 8 / CNY)

Table listing Chinese stock market data including SSE and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

HONG KONG (Nov 8 / HK\$)

Table listing Hong Kong stock market data including Hang Seng and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

TAIWAN (Nov 8 / NT\$)

Table listing Taiwanese stock market data including TSE and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

ASIA (Nov 8 / US\$)

Table listing Asian stock market data including Nikkei and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

AFRICA (Nov 8 / US\$)

Table listing African stock market data including JSE and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

PACIFIC (Nov 8 / US\$)

Table listing Pacific stock market data including ASX and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

JAPAN (Nov 8 / Yen)

Table listing Japanese stock market data including Nikkei and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

NEW ZEALAND (Nov 8 / NZ\$)

Table listing New Zealand stock market data including NZSE and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

INDONESIA (Nov 8 / Rp)

Table listing Indonesian stock market data including IHSG and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

THAILAND (Nov 8 / Baht)

Table listing Thai stock market data including SET and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

PHILIPPINES (Nov 8 / P)

Table listing Philippine stock market data including PSE and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

VIETNAM (Nov 8 / VND)

Table listing Vietnamese stock market data including HNX and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

EUROPE

CHINA (Nov 8 / CNY)

Table listing Chinese stock market data including SSE and various sector indices with columns for Nov 8, Nov 7, Nov 6, 1996 High, and 1996 Low.

Advertisement for Rockwell Automation featuring the text: 'Faster time-to-market, flexibility and customer responsiveness are the key to Rockwell Automation's leadership.' and the Rockwell logo.

Large vertical advertisement on the right edge of the page, partially cut off, featuring the text 'Dollar', 'Unilever', and 'Bond market'.

INDICES

Table of global stock indices including Argentina, Australia, Brazil, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, India, Indonesia, Ireland, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Philippines, Portugal, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, UK, USA, and Vietnam.

US INDICES

Table of US stock market indices including Dow Jones, S&P 500, NYSE, and various sector indices.

AFRICA

Table of African stock market indices including JSE and various sector indices.

PACIFIC

Table of Pacific stock market indices including ASX and various sector indices.

INDEX FUTURES

Table of index futures contracts including CAC-40, DAX, and various other indices.

NEW YORK ACTIVE STOCKS

Table of active stocks in New York, including company names, prices, and changes.

TRADING ACTIVITY

Table of trading activity for various markets, including volume and price changes.

MARKET SUMMARY

Summary table of market performance, including high, low, and change for various indices.

Small print text at the bottom of the page providing publication details and disclaimers.

WORLD STOCK MARKETS

Dollar doubts hold Dow in check Johannesburg shivers after slide in the rand

AMERICAS

US stocks were edging towards the end of a strong week on a flat note yesterday, with the most widely followed market indices all trading lower by early afternoon in New York, writes Richard Waters.

cent. The S & P 500 was up 24 or 3.4 per cent. Shares on the Nasdaq market also fell back yesterday morning, bringing a pause to a powerful rally in technology stocks which had been prompted by optimism about the strength of consumer demand in the US for the rest of the year.

Among the most heavily traded shares during the morning, Conrail, the railroad company, climbed another 2 1/2% to 95 1/2% as one of two rival bidders raised its offer. Late on Thursday, Norfolk & Southern lifted its bid to \$110 a share in cash.

within the TSE 300 composite index were evenly divided between winners and losers and the index was up 1.77 at 5,741.0.

son of light volume. Dealers said that sentiment had been held in check by the dull start on Wall Street plus broad investor caution ahead of local elections. At mid-session, the IPC index was off 5.12 at 8,288.11.

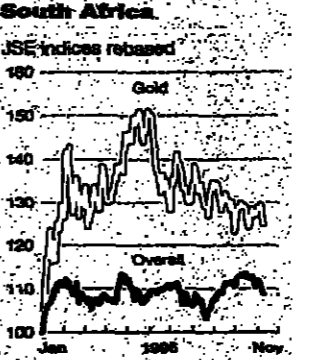
Johannesburg shivers after slide in the rand

Mark Ashurst on living with exchange controls

Mr Chris Stals, governor of the South African Reserve Bank, insists that the decision to abolish exchange controls restricting the outflow of local capital rests with politicians. And he is wary of the day when the government eventually acts on its oft-stated promise to abandon them.

net capital inflows in recent weeks has fallen short of the current account deficit. Traders hanker for a "big bang", arguing that capital inflows will continue to fall for as long as exchange controls prevent the market from finding a "fair value" for the rand.

consistently outperformed the index in spite of its heavy reliance on borrowed capital. At the top of the league table are two mushrooming conglomerates, New Africa Investments, the prime mover in last month's acquisition of a 35 per cent stake in Johnnie's Industrial Corporation, and Real Africa.



Unilever bounce rescues Amsterdam

EUROPE

Traders were well and truly wrong-footed by the Unilever results and the shares bounced more than 6 per cent to keep AMSTERDAM pointing in the face of a decidedly mixed session.

climbed Ft 1.10 to Ft 32.30 as CSM came off Ft 1.90 to Ft 32.70. The AEX index ended 4.11 higher at 692.71.

ended down L54 at L4.665. FRANKFURT hit an all-time intra-day high of 2,745.84 that was then overtaken by the Dow and the dollar receded in the afternoon.

DM65.55 and Viag DM7.55 at DM65.20, the latter after it announced "considerably improved" operating performance for the first nine months of 1996.

VIENNA and LISBON, at opposite ends of the Continent, were flat overall, but both had striking individual features. The Austrian bourse featured a SchS3 gain to 2,089.20, the latter after it announced "considerably improved" operating performance for the first nine months of 1996.

Bond market reaction aids Nikkei

ASIA PACIFIC

Strong buying interest among domestic investors, and an infusion of fresh funds from the bond market took the Nikkei average up 2.1 per cent after Thursday's percentage point decline, writes Gwen Robinson in Tokyo.

from 904m shares to an estimated 400m and in London the ISE/Nikkei 50 index slipped 0.13 to 1,439.88.

gained 179.22 to 21,647.04 in volume of 25,277m shares. BANGKOK saw heavy buying of telecommunication stocks as the SET index rose 15.12, or 1.5 per cent, to 997.80.

SHANGHAI lost heart after recent continuous falls triggered more overseas institutional selling. The B share index hit a record closing low for the third successive day, slipping 0.21, or 1.7 per cent, to 45.576 and brokers feared an acceleration of the downtrend next week.

FT/S&P ACTUARIES WORLD INDICES

Table with columns for REGIONAL MARKETS, FT/S&P ACTUARIES WORLD INDICES, and DOLLAR INDEX. Includes sub-tables for Americas, Europe, Asia Pacific, and FT 30 INDEX.

LONDON EQUITIES

LIFE EQUITY OPTIONS

Table with columns for Call, Put, and various stock options like ASDA, BT, etc.

RISERS AND FALLS

Table with columns for Rises and Falls, listing various funds and their performance.

TRADITIONAL OPTIONS

Table with columns for Last Dealings, Oct 28 Expiry, and Jan 30 Settlement.

LONDON RECENT ISSUES: EQUITIES

Table with columns for Issue, Amt, Mkt, Price, and various equity issues.

RIGHTS OFFERS

Table with columns for Issue, Amount, Lastest, and various rights offers.

FT 30 INDEX

Table with columns for Nov 8, Nov 7, Nov 6, Nov 5, Nov 4, Yr ago, High, Low.

FT GOLD MINES INDEX

Table with columns for Gold Mines Index, Nov 8, Nov 7, Nov 6, Nov 5, Nov 4, Yr ago, High, Low.

TRADEPOINT INVESTMENT EXCHANGE

Daily turnover for 08/11/1996 Volume: 220,000 Value: £7,201,050

LONDON STOCK EXCHANGE - DEALINGS

Details of business done show have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. The data is now delivered by Etotal, part of Financial Times Information.

British Funds, etc. Details of business done show have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Foreign Stocks, Bonds etc. Coupons Payable in London. Details of business done show have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Brigford & Brighley Building Society 12% Perm Int Bearing Sds 127 (09/96) ... Details of business done show have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

City Site Estate PLC 5.5% Cum Div ... Details of business done show have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Shelburne PLC 8% Cum Div ... Details of business done show have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Young & Co's Brewery PLC 9% Div ... Details of business done show have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

WEEKEND BUSINESS TELECOMMUNICATIONS, BUSINESS FOR SALE, LEGAL NOTICE, CASH LOANS, HOME & OFFICE SOFTWARE

TO SAVE ALL THESE TREES WE HELP CHOP DOWN THIS ONE. Tropical hardwood trees are more valuable to loggers than other trees in the rainforest.

OPEN LETTER Dead refugees cannot be saved. Dear Prime Minister, Over one million refugees and local people face death in war-torn eastern Zaire...

SELECT 400 LIFE ADMINISTRATION SYSTEM, MESA 96 IS HERE!, BUSINESS FOR SALE, REAL-TIME & END-OF-DAY TECHNICAL ANALYSIS SOFTWARE

WORLD WIDE FUND FOR NATURE. Tropical hardwood trees are more valuable to loggers than other trees in the rainforest. High prices for hardwoods cause that loggers have no qualms about destroying other trees that stand in their way.

WORLD WIDE FUND FOR NATURE. Tropical hardwood trees are more valuable to loggers than other trees in the rainforest. High prices for hardwoods cause that loggers have no qualms about destroying other trees that stand in their way.

KARL LOYNTON 0171 873 4874, PAUL MEAKINS 0171 873 3580. Financial Times advertisement for Karl Loynton and Paul Meakins.





LONDON SHARE SERVICE

SV TRUSTS SPLIT CAPITAL - Cont.

Table listing SV Trusts Split Capital with columns for company name, price, and change.

OTHER INVESTMENT TRUSTS

Table listing Other Investment Trusts with columns for company name, price, and change.

INVESTMENT COMPANIES

Table listing Investment Companies with columns for company name, price, and change.

LEISURE & HOTELS

Table listing Leisure & Hotels with columns for company name, price, and change.

LIFE ASSURANCE

Table listing Life Assurance companies with columns for company name, price, and change.

OIL EXPLORATION & PRODUCTION

Table listing Oil Exploration & Production companies with columns for company name, price, and change.

OIL, INTEGRATED

Table listing Oil, Integrated companies with columns for company name, price, and change.

OTHER FINANCIAL

Table listing Other Financial companies with columns for company name, price, and change.

PAPER, PACKAGING & PRINTING - Cont.

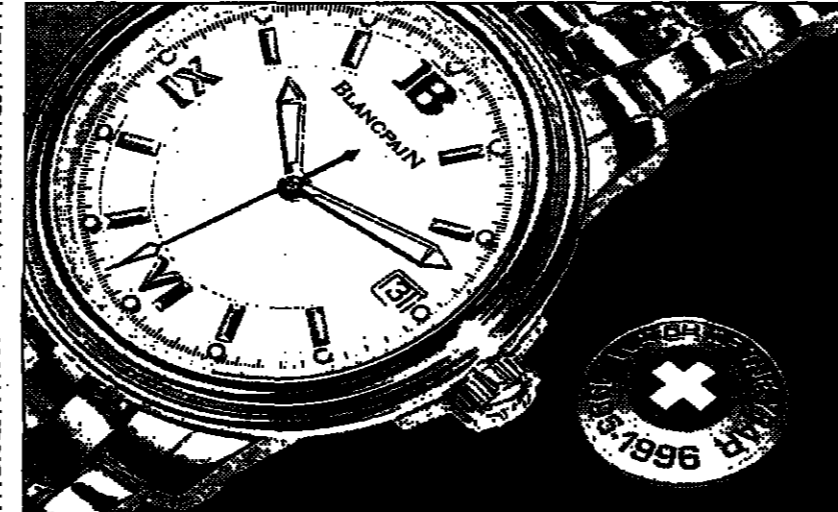
Table listing Paper, Packaging & Printing companies with columns for company name, price, and change.

PHARMACEUTICALS

Table listing Pharmaceuticals companies with columns for company name, price, and change.

PROPERTY

Table listing Property companies with columns for company name, price, and change.



PROPERTY - Cont.

Table listing Property companies (continued) with columns for company name, price, and change.

RETAILERS, FOOD - Cont.

Table listing Retailers, Food companies with columns for company name, price, and change.

RETAILERS, GENERAL

Table listing Retailers, General companies with columns for company name, price, and change.

SUPPORT SERVICES

Table listing Support Services companies with columns for company name, price, and change.

SUPPORT SERVICES - Cont.

Table listing Support Services companies (continued) with columns for company name, price, and change.

TELECOMMUNICATIONS

Table listing Telecommunications companies with columns for company name, price, and change.

TEXTILES & APPAREL

Table listing Textiles & Apparel companies with columns for company name, price, and change.

TOBACCO

Table listing Tobacco companies with columns for company name, price, and change.

TRANSPORT

Table listing Transport companies with columns for company name, price, and change.

WATER

Table listing Water companies with columns for company name, price, and change.

AIM

Table listing AIM (Alternative Investment Market) companies with columns for company name, price, and change.

AIM - Cont.

Table listing AIM companies (continued) with columns for company name, price, and change.

AMERICANS

Table listing American companies with columns for company name, price, and change.

CANADIANS

Table listing Canadian companies with columns for company name, price, and change.

SOUTH AFRICANS

Table listing South African companies with columns for company name, price, and change.

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service... This service is available to companies whose shares are regularly traded in the United Kingdom for a list of 2500 a year for each security shown, subject to the Editor's discretion.

FT Free Annual Reports Service... FT Company Focus / Focus Plus... FT Cityline... For readers phoning from outside UK, please dial +44 in place of the first 0.

**LEGAL DEFINITIONS**  
 Infringe: 1. A hair fashionably combed forward (see *Bentley*); 2. Rugby Football abstract someone accidentally on purpose 3 to break a law or a right. See *Rowe & Munn* (ph 0171-248 4322)

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# FINANCIAL TIMES

Weekend November 9/November 10 1996

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## VW executive faces charges over GM papers

By Wolfgang Münchau in Frankfurt

German prosecutors are expected to bring criminal charges against Mr José Ignacio López de Arriortúa, head of purchasing at Volkswagen, over the alleged theft of internal papers at General Motors.

Mr López's lawyer yesterday released a statement indicating that a formal indictment against his client was now likely. Prosecutors declined to comment on the investigation but confirmed that it would close next month, earlier than previously thought.

The case was triggered by a complaint from General Motors, which alleged that Mr López, a former GM executive, stole internal strategic documents when he was poached by Volkswagen in early 1993. The prosecution is expected to focus only on the theft of the documents, and will not bring conspiracy charges against Mr López and VW.

The prosecutor in Darmstadt, south of Frankfurt, is also expected to indict three

junior colleagues of Mr López, but no other VW executives.

The circumstances surrounding Mr López's move to VW have given rise to 11 court cases so far. They include a civil case brought by GM in Detroit under the Racketeer Influenced and Corrupt Organizations Act.

Mr Klaus Kocks, a VW board member, said the decision to confine the indictment to Mr López and his aides was ultimately good news for VW because it cleared the company of conspiracy. He said the prosecution would have had to bring charges against Mr Ferdinand Pisch, VW's chairman, if it believed that VW's board had engaged in an act of conspiracy.

Mr Kocks said: "The smear campaign by Mr Louis Hughes [president of GM's international operations] constitutes the best possible job guarantee for Mr López. GM has fallen victim to the misconception that they could force him to resign through political pressure. This is not how it works in Germany."

VW's efforts to remove itself from the implications of the criminal case were also underlined by a decision to hire a public relations firm specifically to deal with the matter. This is an unusual move in Germany for an industrial group of VW's size.

The likelihood of a criminal case is the culmination of a highly public quarrel between the largest car makers in the US and Europe. The dispute is seen as potentially damaging to US-German relations, irrespective of the outcome of the various legal cases.

Mr Gerhard Schröder, prime minister of Lower Saxony, a state which holds a 20 per cent stake in VW, has lobbied heavily in favour of the company during the last three years. Mr Schröder, a potential opposition Social Democrat candidate for German chancellor, said yesterday that "an indictment is not a conviction". VW's company supervisory board is to meet for an extraordinary session on November 23.

## Regulators in US act over Internet share tips

By Lisa Branstetter in New York

US securities regulators pounced on Internet stock tippers yesterday. It is the first move against the use of the worldwide computer network to manipulate share prices.

At the request of the Securities and Exchange Commission, a federal judge agreed to freeze temporarily the assets of Mr Charles Hutto, the chief executive of Systems of Excellence - known in the Internet community by its Nasdaq symbol, SEEXI - alleging he orchestrated "massive and ongoing manipulation" of the company's stock.

The alleged fraud was conducted primarily over the Internet using SGA Goldstar Research, an electronically distributed stock tip sheet that regulators say was bribed to recommend the shares.

"The explosion this year in online share trading and Internet investment forums has raised fears among regulators that the medium can distribute misinformation more widely than is possible by newsletter or telephone."

Mr Erich Schwartz, assistant director of enforcement at the SEC, said the Internet's wide reach may have been one of the reasons why the defendants were able to collect more than \$10m, a far larger amount than is normally made on such schemes.

The SEC alleges that shares in Systems of Excellence, when they were trading for less than a dollar, were distributed to members of Mr Hutto's family, to several entities controlled by him and to the principals behind SGA.

The company, in conjunction with SGA, then touted the shares by issuing a series of "materially false and misleading press releases that, among other things, announced non-existent, multi-million dollar sales" of the company's products. As shares rose to nearly \$5 it sold them.

The shares then fell to \$1.20 as questions arose about several SEC filings. Trading in the company's stock was halted last month and the Nasdaq subsequently delisted the shares on October 22.

The case is a warning to investors drawing information from the Internet. But Mr David Gardner, co-founder of the Motley Fool, among the most popular electronic investment forums, said fraudsters could not hide in cyberspace. "When people do this over the Internet they leave an obvious pointer to who they are and what they are doing."

Systems of Excellence had no comment yesterday.

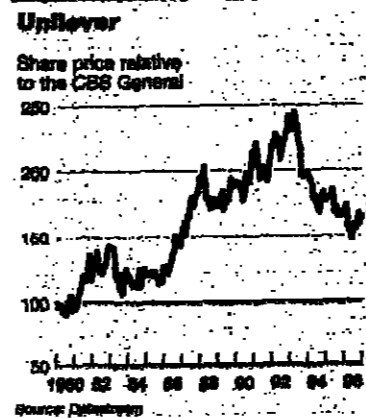
A formal hearing before the district court in Washington is scheduled for November 21.

### THE LEX COLUMN

## Slicing the salami

Salami slicing the prize asset is not an obviously sensible corporate strategy, but Olivetti has got itself into such a mess that there was limited choice. The L432bn (£284.7m) sale of 8.25 per cent of Omnitel represents a good price and much needed cash - though it is impossible to gauge the wisdom of the simultaneous L50bn sale of options in the Italian cellular operator, given the absence of details. Olivetti has made a L150bn profit from the recently acquired Omnitel shares. Moreover, the transaction puts a more tangible value on Olivetti's remaining 51 per cent Omnitel stake. At this price, it is worth over L700 per Olivetti share, against the company's closing share price of L452. This should calm concerns over the group's debt mountain.

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1329.6 (+8.4)



cycles this measure breached 13 per cent on the upswing but fell between 2½ and 4 points on the downswing. Since each point is equivalent to 7.8 per cent of total corporate profits, the effect is dramatic.

But history may not have to repeat itself. Arguably the changes in the labour market during the Thatcher years have led to a step-change in profitability. And companies that can hire and fire at will should be able to protect profits better in another downturn. Still, with unemployment falling, it would be optimistic to think profits will not come under pressure as workers try to grab a larger slice of the pie.

### Fund Management

Dresdner Bank's decision to merge its three asset management arms outside of Germany into a single unit is a case of making a virtue out of necessity. The middle ground is no place to be in an era of growing cross-border capital flows. Success requires either a highly focused niche business or a convincing global presence. Those that choose the latter route have no option but to offer a multi-product service across the world if they are to match investor demands. Dresdner, with bases in London, Hong Kong and San Francisco, has a sporting chance of pulling this off.

The challenge is to make the whole more than the sum of the parts. Dresdner has decided that its best chance lies in handing the reins to its US arm, RCM - the same conclusion reached by Barclays last month when merging its two institutional asset management arms. This makes sense. The main task is to expand the business, and US leadership is logical given the more developed state of the fund management industry there - only 4 per cent of UK households have unit trust holdings, for example, compared with 17 per cent in the US. The alternative, Kleinwort Benson's investment management arm, does not inspire confidence.

For Dresdner, it makes good sense to optimise its fund management interests. The industry has excellent growth prospects, fuelled by the globalisation of fund flows and the trend in mature economies towards increased long-term saving. For European banks, burdened by dismal returns in domestic markets, there is the added appeal of high margin, fee-generating business, with low capital outlays.

over £250m of disposals so far this year, as part of an accompanying portfolio restructuring. The cash will go into driving some Iveler divisions in the US, but more particularly in growing emerging markets. Profits growth in Asia Pacific, Latin America, Africa and the Middle East has reached 18 per cent so far this year, accounting for 30 per cent of group profits. That represents considerable progress.

Longer-term benefits should also come from a new management structure put in place earlier this year. It is going to be a long hard slog. But the shares are trading on an average market price/earnings ratio, based on 1996 forecasts, which does not fully reflect the current momentum.

### UK's economic pie

Who has gained from Britain's recovery? Companies have increased their share of the economic pie by nearly three percentage points to 13.2 per cent over the last four years. Meanwhile, labour's share of national income has slipped 1.4 points to just over 71 per cent, with the remainder accounted for by government. Clearly, the benefits of corporate restructuring have flowed to the bottom line: profits have ballooned at the expense of wages. That helps to explain the absence, until recently, of the feckgood factor.

This process cannot go on indefinitely. The UK's profit share of national income looks high when set against 8.4 per cent in the US, although the numbers are not strictly comparable. It also looks high by historical standards. In each of the last three economic

### Unilever

After three years of painful restructuring, accompanied by alarming margin erosion, Unilever is finally turning the corner. And this is happening against the backdrop of European markets that continue to suffer from Maastricht-driven austerity. Unilever's European profits grew in the first nine months, despite a £50m decline in profits from ice cream because of a damp summer. Strip out the impact of ice cream, and there was a 0.5 percentage point margin improvement during the period, despite low inflation and lower price increases.

So the cost benefits of recent restructurings are finally creeping through to the bottom line.

The Unilever formula is based on cleaning out a moribund European business to reduce costs and improve cash flow. There have been

## OECD crisis looms over 'crazy' pensions scheme

By Gillian Tett and Stephen Fidler in London

The Organisation for Economic Co-operation and Development, which has warned its member governments of their looming pensions crises, is facing one of its own.

The Paris-based group has admitted that the pension scheme for its 1,900 employees is unsustainable. This leaves the group with future problems in paying the bill which could result in job cuts.

The problem has been exacerbated by threats from the US, the largest donor, to make sharp cuts in its contributions to the OECD, the industrialised world's most influential think-tank.

"There is not going to be any easy way out. The pension scheme is crazy," Mr Jean-Jacques Noreau, OECD executive director said.

The problem has arisen because the OECD pension system demands that governments pay liabilities as they arise, instead of requiring employees and the organisation to save for the future.

This system, known as "pay as you go", is used in countries such as Germany, where it is already threatening to create serious future funding problems - as the OECD has frequently warned in its own analysis.

But the system is also proving unsustainable in the OECD. Although the 30-year-old group previously had few pensioners, its liabilities - some FF1.2bn (\$3.9m) last year - are rising at about 15 per cent a year. It is now taking urgent legal advice.

One solution is to transfer to a privately-funded pensions model - of the sort used in the UK, for example - but this would be expensive. This

means that the money must come from governments or the OECD's existing budget.

But this would dismay the OECD's recent new members, such as Mexico and Hungary. "The new members are not amused about a liability which they did not expect," Mr Noreau said.

A crisis is already looming over the OECD's existing budget because the US, which accounts for 25 per cent of the FF1.3bn budget, is threatening radical cuts in its contribution. The precise cut is still unclear but it could exceed 10 per cent. This would be on top of a 3.5 per cent reduction by all countries earlier this year, which followed several years of budget freezes.

The OECD is now considering the implications of a 10 per cent budget reduction. Savings of about 4 per cent are expected from support services, but job losses are expected too.

## Swedish stamp licks all others at \$2.3m

Continued from Page 1

bidders at yesterday's auction and the price started at SF900,000. Within three minutes the stamp had been sold for nearly double the highest estimate. According to stamp catalogues, an ordinary version of the three-skilling stamp is worth \$7,250 if used, or \$2,750 unused.

Mr Feldman, who described the stamp as "the king among

princes", said it was a "great privilege" to have had the "current reigning champion" pass through one's hands not only once but three times.

Mr Feldman, a Dubliner based in Geneva, first sold the Treskilling yellow in 1984 for SF977,500 to an elderly Scandinavian collector. It was sold by his son in 1990 to Mr Sven-Olof Karlsson, a Swedish businessman, for SF1.9m. Mr Karlsson had hoped to cover

the cost from the sale of some of his own collection and, according to an article in *Linn's Stamp News*, a New York magazine, received an advance of SF1m from Mr Feldman.

However, when Mr Karlsson's collection did not raise as much as he had hoped, he found he could not pay for the stamp. Since then it has been held by Mr Feldman's auction house.

The case is a warning to investors drawing information from the Internet. But Mr David Gardner, co-founder of the Motley Fool, among the most popular electronic investment forums, said fraudsters could not hide in cyberspace. "When people do this over the Internet they leave an obvious pointer to who they are and what they are doing."

Systems of Excellence had no comment yesterday.

A formal hearing before the district court in Washington is scheduled for November 21.

**FT WEATHER GUIDE**

**Europe today**  
 The Benelux, northern Germany and northern France will have showers. An area from north-west France across southern Germany and southern Scandinavia will have cloud and rain. Southern France will be sunny. Most of Spain will have a mix of sunshine and cloud. Italy and the Balkans will have sunny periods. Central Russia will be overcast with some rain. Western Russia will have showers.

**Five-day forecast**  
 Western Europe will be unsettled with rain and showers by Monday. South-eastern Europe and the eastern Mediterranean will be generally dry and sunny.

**TODAY'S TEMPERATURES**

Maastricht	Belling	sun 12	Caracas	fair 30	Fero	sun 20	Machidi	fair 15	Rangoon	shower 31
Cairo	Belfast	shower 8	Cardiff	fair 10	Frankfurt	rain 10	Majorca	fair 19	Reykjavik	fair -4
Abu Dhabi	Batavia	fair 13	Casablanca	fair 20	Geneva	fair 12	Malta	fair 21	Rio	fair 29
Accra	Berlin	rain 9	Chicago	cloudy 6	Clonmel	fair 19	Manchester	shower 8	Rome	fair 18
Algiers	Bermuda	sun 22	Cologne	shower 9	Glasgow	shower 7	Maria	rain 29	S. Francisco	sun 22
Amsterdam	Bogota	fair 20	Dakar	sun 30	Hamburg	rain 9	Melbourne	shower 16	Seoul	fair 16
Athens	Bombay	sun 18	Dallas	sun 20	Helsinki	fair 4	Monaco City	fair 26	Singapore	fair 31
Atlanta	Buenos Aires	shower 10	Darwin	sun 30	Hong Kong	fair 31	Miami	fair 25	Stockholm	show 4
B. Aires	Budapest	fair 10	Dublin	sun 32	Honolulu	fair 29	Montreal	fair 12	Strasbourg	rain 12
Bham	C. Nagasaki	rain 7	Dubai	sun 32	Istanbul	fair 14	Moscow	rain 10	Sydney	shower 24
Bangkok	Cairo	sun 24	Dubrovnik	fair 17	Jakarta	cloudy 26	Murich	shower 26	Taipei	fair 21
Barcelona	Cape Town	sun 18	Edinburgh	fair 7	Karachi	sun 33	Nairobi	shower 26	Tokyo	sun 20
					Kuwait	sun 28	Naples	fair 17	Toronto	show 6
					L. Angeles	sun 31	Nassau	shower 28	Vancouver	fair 14
					Las Palmas	fair 26	New York	cloudy 12	Venice	fair 13
					Lima	cloudy 21	Nice	sun 17	Vienna	fair 11
					Lisbon	sun 20	Nicosia	sun 24	Warsaw	fair 6
					London	fair 11	Oslo	rain 3	Washington	shower 12
					Luxembourg	rain 8	Paris	sun 12	Wellington	drizzle 13
					Lyon	fair 13	Perth	sun 29	Winnipeg	snow -5
					Madras	fair 22	Prague	fair 7	Zurich	fair 10

Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

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PERSPECTIVES

The Nature of Things / Clive Cookson

# News Flash - more life on Mars

The little meeting room next door to the Royal Society was steaming with a crush of journalists who had rushed in from the early evening rain. The press conference could hardly have come at a worse time; at 6pm, it gave those of us working for daily newspapers no chance to think about the information before bashing out reports in time to meet our deadlines.

Under these difficult circumstances, the UK government and Britain's leading planetary scientists last week revealed to the world's media new evidence for the controversial theory that primitive life once existed on the planet Mars.

It was the latest example of researchers taking hot news directly to the mass media - in contravention of the traditional procedure in which results are published first in "peer review" journals such as *Nature* and *Science*. These send out all submis-

sions for prior review by other experts in the field, as a quality control measure.

The only written material produced by the scientists to support their claim was a single-page news release, quaintly headed "Press Flash: Life on Mars". This was accompanied by a graph - meaningless to the technically uninitiated - showing the composition of organic material in a meteorite called EETA 79001, which was blasted off the surface of Mars 600,000 years ago by an asteroid smashing into the planet.

Although the three scientists - Colin Pillinger and Ian Wright of the Open University and Monica Grady of the Natural History

Museum - tried valiantly to explain what they had done, the news stories in the next morning's papers were far from clear. Most paid too much attention to the scientists' re-analysis of the "second Martian meteorite" EETA 79001, which they had originally investigated in the 1980s. At that time, they concluded that their discovery of organic materials in the meteorite should not be interpreted as evidence of past life on Mars.

Scientifically more newsworthy, though buried at the bottom of most stories, was the UK scientists' analysis of the first Martian meteorite ALH 84001. Last August, researchers working for Nasa, the US space agency, had

made sensational claims that this rock contained microscopic fossils and chemical traces left behind by ancient microbes. But many other specialists believe the Nasa findings can be explained by non-biological processes and/or terrestrial contamination.

The UK group has produced evidence to support the Nasa conclusion, by analysing the composition of carbon isotopes in ALH 84001. The ratio of carbon-12 to carbon-13 is exactly what would be expected from methane produced by microbes (whose metabolism increases the amount of carbon-12). And it matches the ratio measured for organic material derived from

ancient microbes in the oldest sedimentary rocks on Earth.

Planetary scientists in the UK felt (justifiably) that their research into Martian meteorites had been unfairly ignored in all the publicity surrounding the original Nasa announcement in August. With enthusiastic encouragement from Ian Taylor, the UK science minister, they decided then to organise their own meeting to highlight Britain's contribution to the scientific search for life elsewhere in the solar system and beyond.

Journalists were excluded from the meeting "due to lack of space", and the organisers naively tackled the press conference on at the end of the day,

rather than fitting it in earlier. By the time the news-sensitive Taylor had discovered the unfortunate timing, it was too late to change it.

"The lesson to be learned is not the self-serving one proposed by the scientific journals: that research results should always be released first through the peer review process in their pages. It is that simply that, if you are going to jump the gun, you should organise your press conference and briefing notes so that they help rather than hinder accurate reporting.

The system favoured by the leading journals is to distribute a media digest of each issue a few days in advance, embargoed

until the publication date. This gives journalists time to investigate and write about interesting research in reasonable depth, and it usually works well.

But some findings are simply too important or too interesting to wait. An obvious example was the government's announcement last March of a link between BSE in cows and the human brain disease CJD. Its political and public health implications were so important that the news had to be released immediately, with as much supporting information as possible.

If the findings are sensational enough, they will leak out before the journal has had a chance to publish them. Indeed a leak provoked Nasa's decision to release its Martian meteorite findings in August, a week before *Science* was due to publish them.

Science journalism needs to be spiced up occasionally with unauthorised leaks and chaotic press conferences.

David Price describes his business as "the most dull-sounding enterprise imaginable". Yet he finds the process of supplying footwear by post for swollen and distorted feet challenging, demanding and enjoyable.

"It is a business that would drive most people crazy, with elements that are very unattractive, but I find it stretches me to the limit," he said.

"Any sort of home shopping service for the elderly is likely to be difficult to run but I think that in footwear I chose the hardest of all."

Nevertheless, in the five years since he bought Cosyfeet for £25,000 from the previous owners, Price, 48, has raised turnover from £185,000 to £1.4m and profits from a few thousand pounds to £127,000.

It has not always been a smooth ride. At times Somerset-based Price has had problems finding manufacturers that would undertake the small runs that he requires for some of his 14 styles, while a £12,000 national newspaper advertisement last Christmas produced nothing. Recent postal strikes have brought delays and lost him an estimated £15,000.

Price attributes his success to hard work and constantly keeping on his toes to find new ways of meeting the needs of a niche market.

"Really, we have created our own market at Cosyfeet," he said. "A few years ago elderly people with problem feet had to put up with pain, minimal mobility and large slices cut out of their shoes to try and make them comfortable."

"If there were special shoes available for swollen and distorted feet they were very hard to get hold of."

Price says he has been helped by the government's policy of Care in the Community and the awareness of chiropodists and other healthcare professionals that comfortable footwear is often the key to keeping old people mobile and able to cope in their own homes.

Despite the fact that people are living longer and the Cosyfeet market is a growing one, Price's relationship with his customers rarely lasts for more than a few years.

"Every time we do a big mailing we receive hundreds of envelopes back with a red Post Office sticker saying 'deceased'," Price said. "We lose approaching 10,000 customers a year because of death."

This makes the cost of finding customers high, while dealing with them on the phone is a skilled operation. "My four key telephone staff all have a background in care which helps greatly,"



Man with a mission: David Price feels he has "broken new ground in an important field of healthcare"

## Minding Your Own Business

# Cosyfeet keeps on its toes

Clive Fewins on how a specialist footwear company has expanded in a difficult market

Price said. "With 75 per cent of our customers over 70 years of age they need great patience."

"Getting the customer's name on the phone is usually not difficult, but just about everything else is. The confused elderly often do not know their full address, let alone their postcode. We have to do a great deal of detective work."

In September, Price put a £20,000 software package designed for his telephone answering staff on hold a few days before going live.

"It presupposed just too many things. It was just too slick and highly disciplined for our sort of operation," he said.

At the same time he decided to discontinue using the out-of-hours telephone

answering agency he had employed for 12 months.

"They were very good and very polite but just too super-sharp, crisp and efficient for our customers," he said. "It presented the wrong sort of image of our company, which is a small, caring, 14-person operation based in a small town in the west of England."

Early morning and evening callers to the Cosyfeet headquarters at Street in Somerset are now greeted by an answering message in Price's own voice. He admits this is not ideal because the confused elderly like to speak to a real person.

"It is a problem we are trying very hard to crack and we will probably lose a bit of growth because of this," he said.

Price thinks that eventually he may be able to organise his own out-of-hours service with phones manned by house-bound and possibly handicapped people.

"We need a service that is right for our sort of operation," he said.

Before buying Cosyfeet in 1991, Price, a former manager with Street-based shoe manufacturers C and J Clark, ran a company called "Simple Way" (bought from Clarks in 1983). It supplied kits with which people with badly deformed or swollen feet could make their own shoes. It was based on the same Clarks-owned small industrial estate where Cosyfeet is now.

He sold Simple Way for £25,000 three years after buying Cosyfeet. This gave him

the time and the opportunity to expand Cosyfeet to the present 80 different style/color combinations and to develop the retail area at the front of the building, which accounts for 5 per cent of sales.

In the past few years Price has also switched manufacturers. The shoes are now made by three UK-based companies, one local and two in Lancashire. Price owns the tooling and some of the moulds.

The next stage is to add-on additional "elderly care" products to the Cosyfeet catalogue in order to increase the size of average orders and so reduce the high administration costs.

Price currently finds himself in a strong position. He owns all the equity and

recently paid off the last of the loans which helped him buy the company. He rarely uses his overdraft potential of £75,000.

He is optimistic about the future. "Once we have got our software right we could become global players in a very specific niche market," he said. "I heard recently that all our shoppers are on display in the largest hospital in Tokyo."

"Above all I have the satisfaction of combining the challenges of running the business with a sense of mission - feeling that we have broken new ground in an important field of healthcare that is also a growing market."

■ *Cosyfeet, 5 The Tanyard, Leigh Road, Street, Somerset BA16 0ER. Tel: 01458-447275.*

## Truth of the Matter

# Sharp edge to the moral dilemma

Going through the security check point, I pinged. With the utmost courtesy I was taken aside by the US Security Guard and asked to turn my pockets. Among the random and embarrassing detritus of a three-week visit to Boston was a small penknife in a leather sheath.

Travelling with lethal weapons was an infringement of the law I was gently but firmly informed. I explained that it was a knife I used for sharpening my drawing pencils. Out of another pocket in confirmation I pulled my sketchpad and the 4B pencil.

He looked at the sharp little blade with his head on one side and then slid it back into its sheath. "A pencil sharpener, eh?" he mused. "I guess a pencil sharpener is not a lethal weapon, in this case."

amoeba-like creature be persuaded to conform? The heritage of hopeless families can be traced inexorably back through generations.

What are primary schools doing with children who arrive so damaged at the age of five? I heard recently of one school where 263 of the pupils are classified as in "special need". Most of them come from massively dysfunctional families. What is the rhetoric of "family values" going to deliver for parents of such families? They cannot manage themselves let alone their children.

Of course a charismatic school head, with a dedicated and professional staff with special needs expertise and ample resources, can achieve astonishing results. But they can clearly do little to stop the violence just outside their own school gates - they are small oases of success in a sea of constant struggle against the tide.

Many teachers have reached burn-out point. They were trained in an earlier generation to teach, not to be experts at remedial work with antisocial or violent children and with virtually no sanctions to hand.

Removing guns or knives from circulation is not going to change this scene much. We are left with the same hard core of damaged and violent young people who will not think twice about keeping illegal weapons, often for their own self defence. So, remove them or treat them? Remedial treatment will never create a tide of popular feeling to which a canny politician loves to respond. The alternative, of course, is the blindly punitive policy advocated by home secretary Michael Howard in response to the public's fear and outrage. This may prevent a few violent crimes but it will do nothing to change the basic antisocial attitudes. A new wave of alienated young will leave school without employment to replace those taken out of circulation.

Such a policy evades the unpopular but crucial task of changing attitudes and controlling antisocial behaviour without resort to boot camps, and willfully ignores the social and economic causes which continue to spawn lost generations.

Arriving at Gatwick, it seemed eerily apposite to read the headlines in the morning papers about Mrs Lawrence's moving plan for the removal of all lethal knives from our society. It is a natural and logical follow-on from the tide of feeling against hand guns generated in the wake of the Dunblane massacre.

And the subsequent debate inspired by Mrs Lawrence, whose headteacher husband was stabbed to death outside his school, to generate a wider moral crusade to reconstruct "our fractured society", seems to follow seamlessly.

But I confess I read of moral crusades with a shiver down the spine. The final history of the Crusades is hardly encouraging in their shining armour the Christian Chivalry of Europe set off with such high, noble ideals. They ended by sacking Byzantium, the greatest, most beautiful and cultured Christian city of the world.

No one can deny that we are in a moral morass. There is terrifying violence on some of our streets, largely originating in a deeply alienated underclass of young adults. There is a mass of drug-related crime.

It is all too easy and too facile to focus on the family and the school as both the cause and the place of remedy. What do the zealots expect "the family" to deliver? And how will that

Hugh Dickinson

Continued from Page 1

companies has simply become too risky. The chances are Kamchatka Trawling would not get paid or would have its fish held financial hostage by Russia's monopolistic port and railway authorities.

Some of the fish is still sold in Russia. It is first processed in Pusan in South Korea, however, sold to Polish middlemen in Warsaw and then re-exported to Moscow and St Petersburg, explains Sutorina, who sighs at the economic logic of the process.

Like many privatised Russian companies, Kamchatka has had rapidly to create new organisational functions and acquire new skills.

Alexander Antonov, the bright, young head of the

information technology department, explains how he can access fish prices from around the world using the Internet and displays the home page he has created on the World Wide Web to advertise products.

He has also set about installing a computerised financial reporting system and has devised an ingenious system to send and receive information from the fishing fleet via the Internet and a radio telecommunication link halfway round the world in Iceland.

"As a concept, privatisation was a brilliant idea," says Micky Obermayer, the McKinsey director who led the restructuring project.

"But, unfortunately, there were some very hasty decisions taken about individual enterprises. Many privatised companies were simply production units ripped out of

their own context leaving them with very few financial, technical, product development or commercial skills."

Presiding over this tumultuous change is Alexander Abramov, the genial fishing company president, who appears genuinely concerned to do the right thing by his workforces of 4,100 even if he is not always quite sure what that is. Just returned by helicopter from a holiday in the interior of Kamchatka where he watched bears fishing in the streams, the unshaven, unruffled Abramov explains how difficult it is for him to balance all his competing priorities and responsibilities.

Should he be more attentive to his 6,000 shareholders or his old Communist party bosses in the local administration? Should he spend money updating his fleet or

investing in kindergartens for his workers' children?

In Soviet times, Abramov says his responsibilities were clearly defined and he was part of a collective decision-making process. Under the planned economy, the Moscow ministries would instruct him what tonnage of fish to catch and the local Communist party bosses would monitor him to make sure he met his targets.

"It is a lot more difficult to work now because of the unpredictability of the local environment," he says pacing around his dock-side office, crammed with colourful maps and fishing paraphernalia.

"I do not know what will happen today let alone tomorrow. There are more complexities in my relations with the government and the other companies with which we deal," he adds.

The debates that rage between Abramov and his fellow directors about how the company should be run reflect the views that are sweeping across this vast land.

Within Kamchatka Trawling, there are the age-old Russian divisions between westernisers, who see the virtues of copying foreign ways of doing business, and Slavophiles, who want to follow a unique national path. But, there is also a third group - easternisers, attracted by the consensual style of capitalism practised in neighbouring Asian countries.

Despite being one of the company's biggest shareholders, Abramov says the workers' welfare is more important to him than financial returns. "Tinged though such statements are with old style Communist rhetoric,

Abramov appears to take an almost paternalistic interest in his employees.

The most graphic example of that concern has been the construction of large recreation centre - named the Blue Lagoon - where the company's workers and their families can relax and go mushbrooming in the lush vegetation that surrounds Kamchatka's capital, Petropavlovsk.

Sited on a former Communist pioneer camp, the shiny new resort boasts a smart hotel, a sauna, jacuzzi, and a large swimming pool, heated by thermal springs, complete with an 8-metre high water slide.

Built at unspecified cost, it is the pride of managers and the despair of shareholders who would have liked the money - and management time - spent on more productive, or at least more

profitable, projects.

Abramov, though, is unrepentant, explaining many workers can now no longer afford to travel to the mainland for their holidays as they did before.

Back in Moscow, the reform process tends to be viewed as an almost Manichean struggle between the forces of light and dark, enlightened progress and benighted reaction, where the questions are simple and the answers clear.

But in Russia's far-flung regions, the road to capitalism seems a far more haphazard affair involving decent, ordinary people making the best decisions they can based on poor information, with a scarcity of knowledge, and in the most trying circumstances imaginable.

Every week, Kamchatka's local business newspaper

highlights the confused thinking and anguished debates of those trying to get to grips with this competitive world, in which the comparisons must be more than local or national. One angry businessman, apparently intent on trying to develop the tourist industry, berated his colleagues for overcharging foreigners and failing to match international standards.

"The prices in our hotels are \$70 for one room! But a three-star hotel in the centre of Paris offers rooms (with breakfast) for \$35," he wrote.

"There are beautiful places elsewhere in Alaska and Canada but here the service is much better."

"Kamchatka's uniqueness is a myth."

**FT-1,000 SCHOOLS**  
In the FT-1,000 top secondary schools supplement (October 26), Prior Park College, Bath, should have ranked 360th. There was an error in the data supplied to us.

التميز في التعليم

PERSPECTIVES

Lunch with the FT

# The monk who changed tune

Lucy Kellaway talks CDs, celibacy and charm with the worldly Father Anthony Sutch

**M**uzac was playing in the deserted *Al Fresco* restaurant of the Bath Spa Hotel. I sat alone at a dainty table reading the pastel menu. I had barely got beyond the first dish ("Fresh fruit platter with cottage cheese, toasted pecans and screwdriver sorbet") when I was aware of a black cassock and brown shoes passing the table. Looking up I saw a ruddy, shiny face with a crop of mousey hair on top. The effect was peculiar: the body of a cleric, the head of an overgrown schoolboy.

Father Anthony Sutch (no relation to the Screaming Lord) is the headmaster of Downside, for catholic public school; he is a former spiritual confidant of the Princess of Wales, a favourite of London society circles and a tireless writer of letters to newspapers. More recently he has been the force behind a compact disc that brings Virgin records into an unusual collaboration with the monks and choirboys of Downside Abbey.

Setting himself at the dainty table it was immediately apparent that conversation was not going to be a problem. In the first 10 minutes he told me a) that this restaurant had changed since he was last there seven years ago; b) that anti-Catholicism in the UK was rampant; c) that Rocco Forte the hotelier, was a Downside old boy; d) that he had been called a "left footer" at a garden party for a friend's mother's 80th birthday; and e) that his grandmother had never got over his own mother's conversion to Catholicism.

He had just raised the subject of "the dear old Bishop of Argyll", who left the church amid controversy concerning women, when a waitress interrupted.

Could I recommend something, he asked, looking for the first

time at the menu. I said I could not. He seemed to find this funny, and bellowed with laughter. He chose a dish called "mustard and herb crusted chicken breast, arborio black mushroom risotto, balsamic sauce", and I said I would have the same.

"If I'm still hungry after that I'll have a starter for my pudding," he said. He would not drink as he was seeing parents that afternoon.

You were telling me about the Bishop of Argyll, I reminded him once the orders had been taken.

"I can't cope with people rejoicing at the fall of another. It makes me physically sick. Good heavens! Hello Christina." He gave the only other diner in the place a noisy kiss. "Her son's at my school. She's a very close friend."

"I can't forgive people who do not understand the greatest virtue of all which is compassion," he went on. The media, he complained, had gloated at the fate of the bishop and his women, and had not discussed the serious issues that had been raised.

Taking up one of those issues, I asked what he thought about celibacy.

He half closed his eyes, and pressed his hands together as if in prayer. "One of the only justifications of celibacy is that it is a way of expressing love. We are all sexual beings and the expression of sexuality is important and plays a part in all relationships. And it seems that the denial of its physical expression must be coming from something that is

positive not negative. I am not denying my sexuality, I am expressing my sexuality in a different way."

The idea that celibacy was somehow an extension of sexuality was a puzzle to me. We discussed it a bit more, but I still could not grasp it.

The discussion switched to marriage and whether it was forever. "A friend's wife had a car accident and became a totally different person. He couldn't cope and they separated, and then divorced. Now, I'm not God. I'm not going to judge him."

But do you blame him? I asked.

"I know this sounds trite, but I'd never blame anyone for anything. I really mean that. Take the priest who recently said prayers for Hitler. I can understand the outrage it caused, but I know what that priest was trying to get at. Forgiveness is his vital."

"Thank you. Lovely. This does look huge." Our oversized plates were covered in a bewildering array of colours and sauces.

Surely to blame is human nature, I for one am always trying to blame everyone for everything.

"My great hero in life on the cross said: forgive them, they know not what they do," he said putting a large forkful of chicken into his mouth.

But surely being a headmaster at school means blaming people all the time?

"Is the boy to blame for throwing the ball in the quad in Downside?" he asked.

Of course, I said. But he did not



Father Sutch: confesses to living a life of creative tension

agree. The boy in question was simply reminded that the rules against ball throwing were in the interests of the whole community.

Father Sutch raved on, telling me how frightening was the prospect of meeting God in the end.

"It does terrify me. I do believe that I will have to face Him and see what the conclusions of my life are." And what will it be like, to face God, I asked.

"I have no idea," he said.

Father Sutch was not always been a cleric. Indeed he started out as a chartered accountant. I remarked that his CV must look rather out of the ordinary. "I

tried to make some money out of it by writing to Smirnoff Vodka," he said. "You know: I was a chartered accountant until I discovered Smirnoff. Now I'm a monk. I got a letter back saying: lovely idea but I think it'd put people off your vodka!" Much laughter.

Such an advertisement would presumably have given his fellow monks a coronary. Although they realise that they need him to raise the profile of the school, they are rather more conventional. Indeed, he had to persuade them that the CD was a good idea, and even then, the project has been controversial.

"I was telephoned anonymously by someone who said: 'Do you realise that Virgin also produces contraceptives?' I said: 'I happen to know, sir, that Virgin Records is owned by EMI, and he put the phone down.'"

Would he have minded if the company did sell condoms? There was a long pause. "Personally, no. But as a headmaster, I would have had to consider it. Contraception to me is an important matter of moral discussion. I try to persuade people. I will not force."

Would you like dessert? I asked the waiter.

"I think I've had enough. I'd like one of those coffees with the froth on the top."

The waiter looked charmed by this unworshipful monk who did not know the word cappuccino.

"I love people," he declared, apropos of nothing in particular. "To some extent I live a life of creative tension. I'm in the cloister and I love getting into my cell. But I love people as well."

I said it does not make sense to love people *per se*. "No, you are right. I'm fascinated by people. I love the dynamics of a dinner party. Friends will ask me to a dinner party, and get eight or nine people. Interesting people."

Including Princess Diana? He threw up his hands. "I'm not allowed to comment."

"It's funny how people react to me. I'm described as a worldly priest - and possibly I am. It's quite hurtful. But I'm a priest because I believe in God, and I want other people to believe in God, because to me it is the most

wonderfully liberating thing. They pigeonhole me immediately - they think they can't take me seriously. I find that very difficult. But possibly true." He looked sad.

"Let's be honest. Here I am: in an expensive restaurant and there are 5,000 in Bath homeless. OK, I've got to eat, but you can understand why people say that."

I felt like consoling him, but could not think of anything to say.

He thought of something first: "They attacked Christ for drinking with sinners and tax collectors."

"People at dinner parties see this slightly overweight - well more than slightly - man drinking good claret, and enjoying a good cigar."

Are you greedy? He considered, and then said carefully, "No, I'm a person who can't stop eating. I love the taste. I have got a hunger."

But that is what "greedy" is, I insisted.

"No," he said, "greed is when you over-eat."

As if to prove his point he left me to eat both the chocolates that had been brought with the coffee. A modest bill was brought and he offered to pay his share.

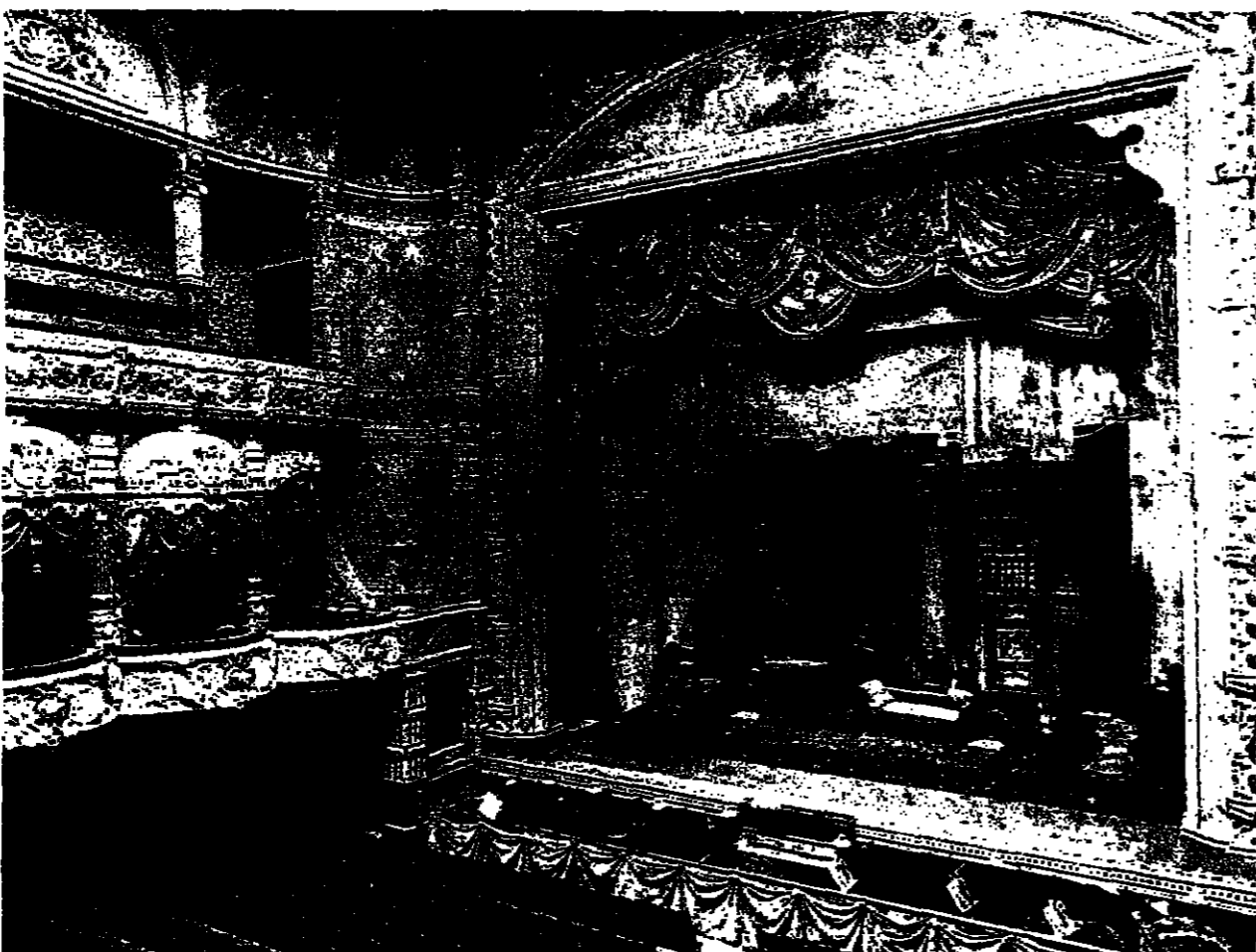
Are you braced for an afternoon of being charming to parents, I asked.

"Charm," he said, "is not a good thing, they tell me. I was warned that you were desperately charming."

And what's wrong with charm? "It can be superficial." He looked benign, but I felt chastened nevertheless.

"I want to ask you something," he said as if getting something off his chest. "Why am I having lunch with you?"

I had not expected this. Stuttering, I tried to explain. But he looked doubtful, ending our diverting meal on an uncertain note.



Publicly owned and partly privately restored, The Gaiety Theatre will soon be returned to its original Victorian splendour

## Forward to the past

Richard Lapper on the island that trades on history

**P**erched between a half-empty shopping arcade and a Victorian hotel on Douglas promenade is the Gaiety Theatre, which poet Sir John Betjeman once described as one of the "finest theatres of its type anywhere in Great Britain and possibly Europe". The building has had a chequered history. Originally designed in 1900 as an opera house, it became a popular venue for Edwardian musical comedy such as *Telephone Girl* and *Maid of the Mountains* before slowly running to seed in the 1950s and 1960s. Its soon-to-be-complete restoration - to return the building to its original splendour with turquoise crushed velvet curtains, baroque and rococo ornamentation and a unique set of Victorian stage machinery - is being carried out with painstaking attention to detail.

At one level, the care and attention is merely a reflection of the island's attachment to a more general British enthusiasm for conservation, but the effort also reflects the urgency with which the Isle of Man is promoting its own "heritage product". The island - which enjoys almost complete self-government - is keen to develop a replacement for the lacklustre traditional attractions of beach, sea and promenade.

And for an offshore financial centre whose future seems at first glance to be bound up with unfettered *laissez faire* capitalism, the degree of public sector involvement in this effort is

surprising. The Gaiety - like a considerable chunk of the island's heritage industry - is publicly owned, having been taken over following a spirited campaign against its demolition in the early 1970s.

While the UK government has sold off rail and buses for the last 15 years, the Manx government - through its tourism and leisure department - has held on to its own transport system, also nationalised 25 years ago. The tourism department runs the island's bus network and three "vin-

motorcycle race, which attracts 40,000 visitors a year to the island. Some £5m is being spent on a new Viking Centre, highlighting the island's Norse archaeology, and there has been substantial investment in the Manx museum in Douglas.

Indeed, the level of government intervention in all affairs is extensive. The conservation of the island's population is well known. Homosexuality was illegal and both corporal and capital punishment remained on the statute book until pressure from the European Court of Human Rights forced through changes - against a storm of popular opposition - in 1982. But the island's political culture is strongly pre-Thatcherite. Water and electricity are still in public hands. Suggested plans to invite private sector involvement in the island's radio system have proved controversial.

Most of the politicians fighting this month's election for the House of Keys are independents unaffiliated to any political party. But there is a left-of-centre consensus about social and health provision, with social security and pensions payments higher than on the UK mainland. The government has plans to spend more than £90m on a new hospital, the third on an island of 70,000 people. Income tax on the island is low but rises sharply when indirect taxes and VAT are included in the equation. Then again, the Manx of all people, with their passion for history, should be aware of the danger.

1995 for 42 per cent of the island's economic output compared to only 39 per cent on the mainland.

The worry for the island though is that the offshore finance sector, which in large part has sustained this "vinetage" welfare state, could come under threat. There is no immediate threat to the island's constitutional status, which allows it to set its own tax rates. But concern in the developed world that too much government income is being lost to the offshore industry could lead the UK government to limit these freedoms in future, especially if the UK were to become part of the European Monetary Union.

And there is always the danger - especially if the UK stays outside Ecu - that in order to attract more financial flows to Britain and boost savings, the UK might reduce its own tax levels, eliminating the advantages that the Isle of Man currently enjoys.

After all, as an exhibit at the Manx Museum in Douglas points out, there is a worrying historical precedent. In the 18th century the island's merchants earned fortunes by importing goods from outside Britain and then smuggling them on to the mainland to evade the punitive rates of excise duties. But in 1765 the British government imposed direct rule, clamped down on the "running trade" and plunged the island's economy into decline.

## Out of line and in stirrups

Natural birth plans have no place in Belgium, finds Emma Tucker

**R**ight from the start, it was going to be an uphill struggle. "I know what you are going to ask," said my doctor. "How long before birth is induced? Will I be shaved? Do you insist on electronic monitoring and what is your policy on enemas?"

Sitting behind her orderly grey desk, this stannaceous Belgian gynaecologist, had indeed taken the words out of my mouth.

"I don't know," she sighed. "In my 15 years of practice no Belgian woman has ever asked me these questions - it's only you Anglo-Saxons that are so obsessed with natural childbirth."

And so I realised that on the all-important matter of reproduction, Britain was as out of line with "Europe" as it was on a single currency, metric weights and cold beer.

The interventionist mentality of the continental European was as prevalent on the labour ward as it was in the offices of government ministers. Not for Belgian women the hands-off approach to childbirth that has gained ground in *laissez faire* Britain.

No jolly team of midwives to guide babies without costly intervention into the world; no carefully coached breathing exercises; no dimly lit room, and no "squatting" position so beloved of natural birthers.

It was to be the bright-lights, high-tech, low-pain, no-risk approach to childbirth where the mother desires, what she is told and worries more about the design and colour of her baby's layette than the relative values of water births.

"And how many books are you reading?" continued my doctor.

"Only a few," I lied, thinking of the leaning tower of baby manuals next to my bed.

"Throw them away," she commanded. Like any well-groomed Brusselsoise, I could suffer in the name of beauty. But suffering in the name of procreation was simply not on.

The first principle to come under attack was my desire to go through birth without the pain relief of an epidural anaesthesia.

"No epidural - you must be crazy," said my friend, mother of twin girls. "I had an epidural and it was the happiest day of my life."

But a letter from a British friend read: "Don't let them persuade you to have an epidural - they are administered almost routinely on the continent and they are rarely necessary. I didn't have one - put it this way, I know I was going to die, but I'm still here."

brought up the subject. My doctor, looking even more like a glamorous actress fresh out of the set of *Chicago Hope*, was puzzled. "But I need to be able to see what I am doing," she said. I mentioned the successful all-fours delivery by my friend Joanna, of baby Megan.

"A quatre pattes?" she asked incredulously. "Well, I suppose if you really want, we could adjust the height of the stirrups."

Was it really worth the struggle? I liked the doctor, the clinic was more hotel than hospital and it was quite clear that natural childbirth had been rarely performed in Belgium for some time.

They just do things differently here. The doctor had not even asked me if I smoked, let alone drank - the two biggest sins for pregnant women in Britain. Her only real concern was that I not put on too much weight - hard to lose afterwards, she pointed out - and toxoplasmosis, an infection caught from undercooked meat that can damage the foetus, but to which nearly all Belgian women are immune thanks to the vast quantities of raw beef they consume from an early age.

My Anglo-Saxon avoidance of flet americaine meant that I had not built up a resistance to the disease. This would have been of little concern in Britain, but in Belgium it meant

monthly blood tests with a charming Zairean doctor who told me to go out after the baby was born and do everything I could to get infected. He meant well, but even without morning sickness, raw beef and chips do not appeal.

As the months wore on and the inevitability of stirrups, epidurals and other undignified routines increased, I at least took comfort from the fact that

Part of me is curious to know what a contraction really feels like

whatever happened. I would resist induction. The baby would come when he or she was ready.

But when nothing had happened on the due date my doctor rang to inform me that she did not like late babies. "I'll give you five days."

There followed an orgy of champagne drinking, oyster eating, hikes in the country, and riding the Brussels buses over cobbled streets to try to get things moving. I was determined to beat the Belgian system.

But five days later, nothing had budged. And there was also a wedding in London which my disarmingly

honest doctor told me she would have to attend.

"You will come to the hospital tonight, you will first go for dinner with your husband and have a glass of wine, then you must sit back and read Marie-Claire. I will come in the morning."

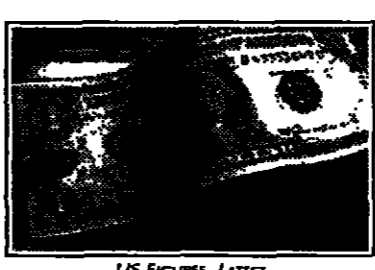
And so, as if checking-in for an upmarket weekend break, breakfast, dinner and baby included, I arrived at the hospital, suitcase and husband in tow, downed a glass of red wine and settled down, not to Marie-Claire, but a book on parenting, that my husband had thoughtfully, if somewhat belatedly, brought along.

There followed the most stage-managed birth I could have imagined. Hormone pessaries, a drip, an epidural, artificial breaking of the waters, injections to speed things up and a "rentouse" to suck the baby out at the end. The only way I knew I was having a contraction was by watching a screen attached to the monitor strapped across my stomach.

So much for natural childbirth. But when I looked at the beautiful boy cradled in my arms I rather wondered why I had spent so much time worrying about the technicalities of childbirth - it was, after all, just one day at the end of 9 months and the start of a whole life.

And next time? Well, part of me is curious to know what a contraction really feels like, but, given the choice, I think I'll go for the full Belgian works.

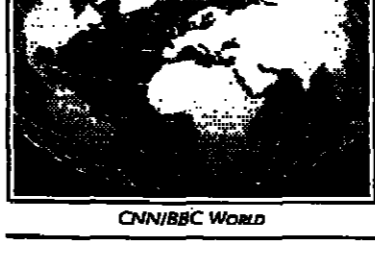
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FASHION

# Your country needs your clothes

Search in your attics and rag bags, Marion Hume implores. The Victoria & Albert Museum has gaps in its collection

**W**hy do we have such a knack for overlooking the talents right under our noses? Especially when it comes to fashion, the British seem to believe that foreign is best. And all the while, foreign designers - from Ralph Lauren to Jean Paul Gaultier - are more than happy to be influenced by what Britons first came up with.

After Jean Muir's death last year, a host of fashion folk who had thought her clever tailoring with jersey "boring", suddenly realised what a craftswoman she was. With the untimely death this summer of Ossie Clark, we were astonished by how influential the undisciplined but ferociously talented Ossie had been.

Some are garnering newfound acclaim. Rita Watnick, who runs the smartest, high-

priced vintage clothing store in the world, called Lily et Cie in Los Angeles, reveals that her hot tip for the next fashion revival is Zandra Rhodes.

At last it looks as if the UK might be facing up to the fact that, as far as fashion is concerned, it is a country that turns out "greats".

There have been calls for a museum of fashion; some are suggesting the about-to-bevacant Museum of Mankind, just next to the once fashionable Burlington Arcade and a stone's throw from both Savile Row and the re-energised Bond Street.

There are calls at last to recognise the historic importance of the House of Hart-

nell, currently sitting sad and closed on Bruton Street, with murmurs that a preservation order should be slapped on the mirrored and chandeliered interior.

So where does the Victoria & Albert, the museum with the best collection on earth of British fashion, stand on all this? Thankfully, for once, right at the forefront. Though most people with a passion for fashion would agree that the much-visited Dress Gallery needs a face lift, next year, some exhibition galleries are to be devoted to a British fashion retrospective which should garner an international reputation.

Called "The Cutting Edge:

Fifty Years of British Fashion", the exhibition, to be held from March 6 to July 27 next year, will focus on the very best from British designers and Savile Row tailors.

From outfits by Ossie Clark and Theo Porter, Manolo Blahnik shoes, hats by Stephen Jones and David Shilling, suits by Hardy Amies and John Galiano and huge ballgowns by Norman Hartnell, the V&A's collection of British fashion is wide-ranging. But pulling next year's exhibition together has exposed some gaps. The 20th century fashion curator, Amy de la Haye, rather hopes that readers of the Financial Times may prove to be just the people to fill them.

So rummage in the attic, lunge into the back of the wardrobe or take a closer look at those strange high-heeled shoes that have been kicking around in a box under the stairs for as long as you can remember.

The V&A is very keen to receive various items as gifts (it is unable to accept them as loans) and they must be in good condition. After their starring roles in "The Cutting Edge", they will form part of the V&A's permanent Textiles and Dress collection.

Romantic, grand, historic... and missing: the V&A is desperate for an ingenue, white debutante's dress. Did you, or perhaps your mother, or even your grandmother once wear such a gown? It must date from between 1947, when the London season was revived after the second world war, and 1956 when formal court presentations ceased. It must be by a famous

British fashion house such as Victor Stiebel, Hardy Amies, Peter Russell, Angèle Delange, Bianca Mosca, Charles Creed or Norman Hartnell. If you have such a gown packed in mothballs, the V&A would be delighted to give it its second very public, grand airing.

You probably thought about cutting it up for dust-ers or patchwork but thankfully never did? Such seems to be the fate of many a flowery summer dress by Horrocks, a label once so

**People wore their metallic leather platforms until they fell apart**

familiar to the British summer. The V&A is looking for a full-skirted, cotton day dress from the 1950s with a glorious overblown rose print, to represent the Horrocks label, launched in 1946 as a subsidiary of Horrocks, Crewelson and Co (founded 1793).

So many of them were so loved they simply wore out. But someone must have the quintessential English summer dress of the 1950s, with its New Look silhouette of neat bodice and huge skirt.

Maybe you preferred the more formal "furred umbrella" silhouette? Did you buy the Matita floral print suit that Vogue declared "news" in April 1954? It was black and white, in cotton piqué - "Closely printed, closely cut. Sleeves stop short of the elbow,

below creasing point." Back then, it cost 21½ guineas at Peter Jones, Williams & Hopkins, Bourne-mouth and Kenneth Kensington of Newark. It is worth a great deal more to the V&A now.

Did you hate all that, and rebel against it? Were you truly groovy in the 1960s? And did you flout convention, and your mother's wishes no doubt, and get married in a get-up that she warned would embarrass you later on? Have you hidden the wedding photographs, but do you still have the gear?

Perhaps a crushed plastic trouser suit with a space age helmet instead of a veil or a daisy-trimmed organza mini dress with matching bonnet and tights? The V&A has a fine collection of traditional wedding dresses, but lacks a radical, unconventional version.

Men can dig in their wardrobes, too. The museum is eager to acquire a kaftan, from a bohemian gentleman of style in the 1960s, which will prove that this past summer's kaftans by Gucci were not so new after all.

Before you became a guy with a tie, a man in a suit, did you shop at Christopher Gibbs' boutique, Stuck on You? Were you a trust-fund hippy in beads and shades and a kaftan to the floor? The V&A would be most happy to take it off you.

Or were you always much too proper for such tomfoolery? Perhaps your idea of a jolly good time was at Henley (and why not indeed?) where you wore a glorious striped blazer with cream flannel or linen trousers, a boater, canvas shoes and your club tie. You may have stored the whole ensemble for years and would be happy to see it on show.

Think glamour, think party, think blue eyeshadow up to your eyebrows and an Antony Price dress poured over your curves. It is the early 1970s, and on your feet, if you are really glamorous, you have a sky-high pair of Terry de Havilland shiny, glittery platform shoes.

Too many people wore their metallic leather platforms until they fell apart. The museum needs a pair in good condition.

The V&A is also looking for one specific handbag, a plastic clutch resembling a laminated newspaper from the 1950s. Failing that, any unusual plastic 1950s style would be welcome.

If you find any of these collectibles, Amy de la Haye would be thrilled to hear from you. Write or fax (not to the Financial Times please) with full description and/or snapshots to: Amy de la Haye, The Cutting Edge Textiles & Dress Department, Victoria & Albert Museum, London SW7 2RL. Fax 0171-938 8423.



## NOW, JERMYN STREET IS NO LONGER JUST FOR THE BOYS

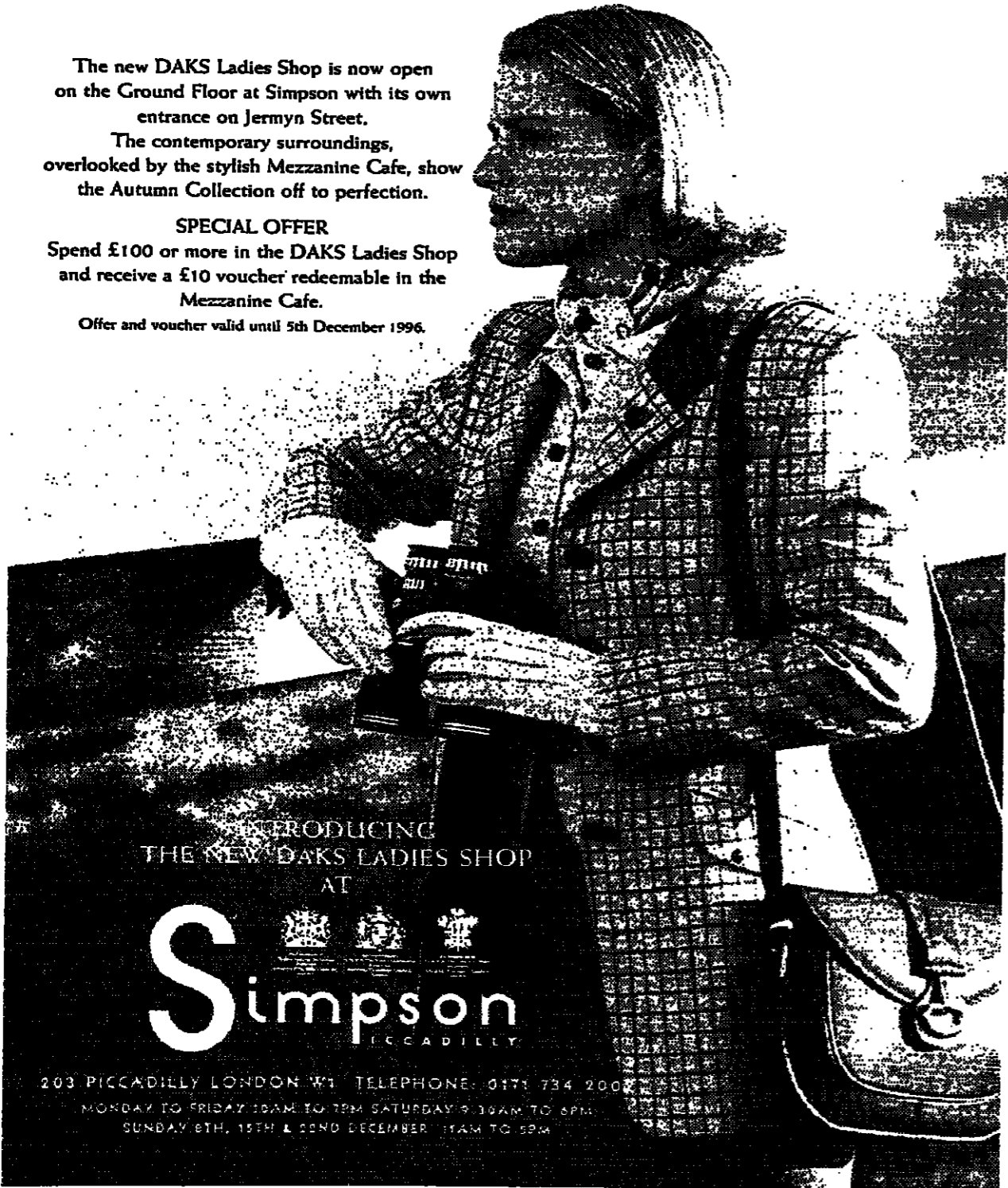
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Gaps in the V&A's wardrobe include:

- Top left: a white debutante's dress, but it must be British;
- Centre left: a daisy-trimmed organza mini-dress and bonnet with matching tights;
- Above: Matita floral print suit;
- Left: an original rose print Horrockses summer dress;
- Below: an unusual Perspex handbag from the 1950s.

Illustrations by David Downton

HOW TO SPEND IT

# A pukka way to wear Indian

Lucia van der Post visits an emporium in London where the fashionable set are regular visitors

As Jemima Khan, wife of Imran and daughter of Sir James Goldsmith, has taken to looking so fetching in her salwar kameez, so dressing Indian-style has become increasingly popular with the young fashionable set. Where, though, to find the elegant, sophisticated salwar kameezes that young Jemima wears so well?

The answer is at Ritu, in London's North Audley Street. Ritu Kumar - its founder and the designer behind its lines - has been dubbed the Calvin Klein of Indian fashion - and for good reason.

She has taken traditional clothing, refined it and made it sought-after by sophis-

icated and elegant Indian women.

To her shops - particularly the one in Delhi's Hauz Khas shopping arcade - come film-stars, politicians and other high-powered and sophisticated women from all over India as well as western visitors. Last year she dressed both Miss Universe and Miss World.

Ritu Kumar has taken great care not to abandon the Indian roots of the designs. She is a great revivalist and is a regular visitor to London's Victoria & Albert museum, where the best archives of Indian designs from the time of the Raj reside. She uses these designs as inspiration for the textiles which are then turned into wearable and

contemporary clothing.

Her salwar kameezes come in a huge variety of fabrics from the simplest of cottons to delicate silks.

For those who feel that a western woman in Indian dress looks as if she's wearing fancy dress, Kumar has sober, toned-down versions which look more at home in Britain's grey light but still offer all the comfort of easy drawstring trousers and loose tops. There are rich, lushly coloured versions that would make splendid party gear but there are also simple, cool, clean white designs for easy summer living.

Prices vary enormously depending on the quality of the fabric and the amount of work involved. Salwar kameezes start at £180, depending on the fabric, and whether it is embroidered. A very beautiful highly elaborate version in silk organza and silk crepe with hand-embroidery along the sleeves of the top and a scarf would cost about £950.

Chicken work (also embroidery, very often white on white cotton) from Lucknow is another craft that was dying out until Kumar and a group of women got together and began persuading Moslem women that they would pay them properly. Until then, the workers had been exploited by middlemen who took advantage of the fact that they were veiled and could not work in public places; they paid them poorly while keeping much of the sale price for themselves.

These days Kumar uses the chicken work on clothes (on cotton it makes good cool, sturdy and beautiful hot weather clothing) as well as on tablecloths, curtains and other textiles.

Look out, too, for printed leather handbags, printed soft suede gilets and, for autumn, beautiful brocade and soft suede coats with fine silk linings. Once again, the art of printing on suede had all but disappeared until Kumar revived it. Prices seem exceptionally good with a long gilet, silk-lined, for instance, selling for £182.

Among the smaller objects in the shop, hand-embroidered silk cushion covers sell for £30, while silk scarves, often featuring motifs from paintings or old monuments, also sell for about £30 each. Downstairs is a gallery where there are changing exhibitions of contemporary Indian art.

Ritu Kumar is at 16 North Audley Street, London W1Y 1WE. Tel: 0171-491 4600.



A long, silk embroidered black, brown and rust evening coat, £580

## A Jeeves for all

There aren't many of them but there are a few - men in the public eye who manage to look immaculate every day of the week, that is, perhaps they have their very own Jeeves. Or it could be the Burford Valet Service. It was started and run by Stephen Haughton whose father was a tailor - so young Stephen learnt how to press things properly.

Stephen Haughton is one of London's best-kept secrets - his name and telephone number are passed on by word of mouth from captains of industry to heads of noble houses, from learned scholars to smartly dressed media moguls.

The really rich hand over

their entire wardrobes to his keeping. They tell him simply to come as often as it takes to keep everything in tip-top order - from shoes to shirts, ties, suits and sweaters. He cleans, he launders, he sews and he mends. He collects and delivers and they need never give it another thought except to pay the bills.

Not that he does it all personally, you understand. He has a team of specialists in everything from shoe-mending to invisible darning.

Those who don't feel their wardrobes warrant the full-blown services can use him as little or as much as they like. He offers a collection and delivery service, from home or office, on a

weekly, fortnightly or monthly basis. He also has a 24-hour service for the sort of emergency that can occur: take the best-laid plans (tiranism on the only dinner jacket, shirt on the pin-tucked slart, that sort of thing).

Those who use him (as to their identity, my lips, alas, are sealed) swear by his skills at resurrecting ancient pairs of suede shoes, or restoring much-used Saville Row suits to their former glory.

Though he began offering his valeting services when he worked in the City and observed the sorry state of many of his colleagues' wardrobes, so many of the wives of his customers asked if he would deal with their sartorial problems, too, that he now looks after men's and women's wardrobes.

Prices range from £4.50 for a really good shoe polish and £10.50 for a pair of riding boots, to £10.70 for sponging and pressing a two-piece suit, £14.20 for cleaning a two-piece suit. There is a minimum charge per visit of £25. Those who want him to take over the entire care of their wardrobe need to discuss the terms with Stephen Haughton personally.

The Burford Valet Service is based at Unit 8, Hackford Walk, 119-123 Hackford Road, London SW9 0QT. Tel: 0171-783 0151.

L.v.d.P.

"Klein watch" from £ 1250.

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Louis and Tiffany Dubin: met in Palm Beach and honeymooned in Papua New Guinea, Bora Bora and Australia

# 'The balance is perfect'

Two busy working and social lives, a baby and a nanny. Karen Fricker reports

The story of Tiffany and Louis Dubin's meeting and courtship could be entitled "A Tale of Two Cities". She - vivacious, busy, left-leaning - seems to embody the spirit of New York; she was born and schooled there until she headed for Washington DC for undergraduate school at Georgetown. It was in Washington that she met Louis - quiet, serious and a lifetime resident of the capital city.

After two disastrous dates in Washington (he was "sort of a jerk", she says), the two met again one winter in Palm Beach, where both of their families spend Christmas, and in that different milieu saw each other with new eyes. Within 16 months they were married. Eight years later, they live on Manhattan's Upper East Side with their one-year-old daughter, Tatiana.

Tiffany, aged 30, works at Sotheby's and is a contributing editor to House and Garden, and Louis, 33, is founder and president of the Athena Group, a private real estate concern.

Tiffany Dubin: "I love New York, but when I first met Louis he had no interest in living here. I thought I was doomed to a life in Washington. But we started coming up here on weekends and he really began to like it. Now he has friends here, he can play sports, and his office is only four blocks away from our house. He's happy here. The balance seems perfect. I have a fun job and a nice life in New York, so I don't think we'll have another child for a while. We have an Irish nanny who lives with us. The only way I can work is because I trust her so completely with the baby."

"My job at Sotheby's is to be a sort of personal shopper. I make clients' lives easier for them - show them around, send them catalogues, bid for them, ship their furniture, help them get it cleaned, do their billing... I am also involved in a group called Young Collectors, which is designed to bring young people into Sotheby's, to make the auction world less forbidding."

"During the Jackie O auction everyone in the building was here until 11 every night - Louis didn't see me for two weeks. It was an exciting thing to be part of. I love jewellery, and even her costume jewellery was wonderful. If you knew what you were looking for you could find a deal - there were more bargains than you'd think."

"I have never been a mad joiner and have pretty much tried to avoid committees and boards, though lately I've become involved with two groups. One is called Literacy Partners and it teaches adults to read. There are 50m Americans who can't even read a prescription, so I think this is an

important cause. And I have just joined the Special Projects Committee at Memorial Sloan-Kettering Cancer Center. We meet to hear presentations on different medical problems they treat there, and just organise one benefit a year."

"We moved into this apartment a year ago. I love this neighbourhood - the East Sixties. It's not really residential - the closest super-

market is four blocks away - but that doesn't matter, because every store delivers."

"I love going to auctions and flea markets, though the flea markets here aren't as good as in Europe. My apartment is like a flea market. I didn't use a decorator. It's just full of the things I've accumulated over the past eight years."

"I love reading; it's like my best friend. Right now I am on a China-kick. I've read *Wild Swans* and now I am reading the book about Mao written by his personal physician. I love biographies - learning about history in story form. Since the baby was born, though, it takes a long time to get through a book."

"Travelling is absolutely normal to me. My mother took me everywhere from an early age; French was my first language. Louis and I just came back from Paris, where we hadn't been for a while. We visited friends in the country and went on a duck shoot - Louis is quite a good shot. On our honeymoon we spent six months in Papua New Guinea, Bora Bora, and Australia. I am terrified of bugs and there are about 3,000 species of crawling things down there."

"We try to go somewhere new every year - we went to Nepal a few years ago, and last year we took a boat from Positano to Sicily."

"With the baby, we aren't doing as many of those kinds of vacation, though. We're going to be staying closer to home now. We like to stay in New York on the weekends. The thought of getting into a car with a baby on a Friday night after a week at work isn't very appealing."

"When she's able to jump in the car and buckle herself in we'll be more inclined to go to the country. I don't like to get out of my jeans on the weekend."

"Going out on weekday nights is easier - you're dressed up for work and ready to go. But on weekends we just tend to get

together casually with another couple or on our own."

"Our favourite restaurant is a Vietnamese in Chinatown. It's a total dive; you drink your drink with a straw. Then there's a great Lebanese place in the East Village. We like Middle Eastern food. We like weird things like that - that mix of places is something you could only find here in New

York. Most of my life here is walking. It makes for a pleasant lifestyle - you are not in the craziness of gridlock. I walk to work every morning."

"I have a law degree from Washington Law School in real estate and land use law, but I never intended to practise. What I am doing now - developing and investing in buildings - is what I have wanted to do since I was born. My family is in real estate, so it's in my blood."

"We do a lot of business in eastern Europe and central Asia. I go to Moscow often. It's pretty intense while I'm working there, so Tiffany rarely goes with me, but often she will meet me in Europe on the way back. The last time I was in Russia, I went on a side trip to St Petersburg to see the new Impressionist Masters collection; it is one of the most fabulous collections anywhere."

"Our life here is pretty centred around home. I'm very involved in the baby and my work, and I see friends when I can. When I have free time I play sports; I belong to several athletic clubs and am the vice president of the Town Tennis Club. I wouldn't say we go out a lot, but we do have a pretty nice social life."

"I read the FT, the Wall Street Journal, the New

York Times, the New York Observer, The New Yorker, Forbes, and a lot on the history and current political environment in Russia and central Asia. I'll start a lot of books and have to put them down halfway through because I realise the writer has a very specific agenda."

"I don't like to shop, but my wife does. I will go with her to exhibitions and to Sotheby's to see what catches her eye, but she is the gatherer. For clothes, I just go out and buy everything I need once a year."

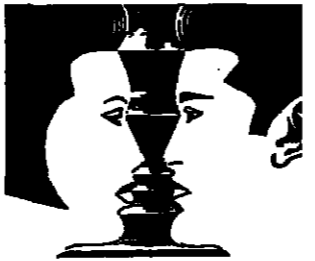
"I collect lead soldiers and like to sniff around every city I visit to see if they have any soldier shops. I like old history books as well. We used to keep a car here, but I've found we don't need one - it's more of a pain than it's worth."

"In the summers we go out to Southampton to stay with my in-laws, and then I lease a car. Tiffany and I are both out at the beach on the weekends; I come in for the whole work week and Tiffany comes for two to three days a week. My mother-in-law looks after Tatiana when we're both in the city; it works out well."

"During the year Tiffany will be working so intensely that it seems like I never see her, but during the summer it's slower for her. For me, I'm always busy. This is New York, after all!"

During the Jackie O auction, we were all here until 11 every night. Louis didn't see me for two weeks

New York



The Financial Times plans to publish a Survey on

# Belgium

on Tuesday, November 19

The yearly survey on Belgium will focus on: ● Belgium and its preparation for the European Monetary Union ● The main industrial sectors of chemicals, pharmaceuticals, metals and the oil industry ● Banking & Finance in Belgium ● Belgium as an attractive centre for investment ● Profiles on Sabena, Belgium's national airline, and Belgacom, the telecommunications group ● Tourism.

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FT Surveys

HOW TO SPEND IT



The team behind The Source: each is holding a favourite piece of merchandise. ■ Centre (all in black) is Polly Dickens, the general manager, holding a 16th traditional Milanese florist's vase, £11.50. ■ Back row, left to right: Elliot Miles, tabletop specialist, with a magnolia pitcher, £8.95, and a selection of bowls, £9.95 each; Stan Baker, cash office assistant, with a selection of children's bath accessories, wash bag, £8.50, sponge, £3.50, and mitt, £3.50; Andrew Minns, floor manager, with a bundle of towels, £15.95 each; Justin Desdun, cash office specialist, with a selection of plastic baskets, £4.95; David Shaw, cookshop sales assistant, with a children's four-sheaf sweater bag, £12.95. ■ Middle row grouped round Polly Dickens, from left to right: Sarah Caywood, cookshop specialist, with a waffle iron, £29.95; Tracey Norton, press officer, transparent bin, £13.95; Ballu Osborne, textiles sales assistant, with a silk cushion, £11.95; Odette Tait, decorative sales assistant, with a floor-wire cardstock, £12.50; Mel Chung, wedding list specialist, with a professional's frying pan, £33.95; and Glenn Scrivens, textiles specialist, with a chrome towel rail, £19.95. ■ Bottom left is Lindsey Harrison, lighting specialist, lying on a kids' bean bag, £19.95.

A Source of inspiration

A supermarket for the home is to open in Kensington. Lucia van der Post reports

Regular readers may remember that in March I reported on a new retail venture by Sears called The Source. It was not the sort of place readers would be likely to trip over on their way to Harvey Nicks - at the time its only two branches were destined for the barren wastelands of out-of-town retail parks.

Based on the success of American operations such as Crate & Barrel, it seemed to be one of those "concepts" perfectly designed for this brave new world of vast hangars, almost limitless choice and low prices.

What it sells is all the small appliances that it takes to fill the modern home. It is not quite a "category killer" - an all-American concept that kills off most of the opposition by providing every possible

choice at impossibly low prices in a given category. Nevertheless, it aims to give vast choice and low prices in the realm of small furnishings and home accessories.

Where it differs from "category killers" is that Polly Dickens, its general manager, had distinct ambitions in the realm of taste - she aimed to make it stylish and inspirational without charging high prices. "Nothing over £100," was her proud boast.

Of course, there is stylish and stylish. The first branch I visited at Thurrock Retail Park in Essex was filled with the sorts of products that our western culture has taught us to believe are essential for modern life - cushions and glass, linen and china, kitchenware and lighting - but there was little danger of confusing it with The Conran Shop or the home furnishings floor of



Straight-sided jug, £4.95; pouring bowl with handle, £8.95; and beech chopping board, from £4.95

Harvey Nichols. But the big trade-off that the out-of-town retail parks offer - low prices - was evident. There were thick creamy jacquard bath sheets at £22, ready-made muslin curtains for £14.95, small rugs for under £30, plates at under £4 a time and so on. The average level of taste was high but the general impression was one of cheerful brightness rather than exclusive editing.

Now, however, Dickens, backed by Sears, has definitely upped the ante by bringing her "concept" into a prime inner city area and offering the same prices and the same choice. Sears has picked one of the choicest bits of real estate in Kensington High Street: the old Hyper Hyper building is being transformed to open as the third The Source branch in the UK on November 23. Here, in a fine 1920s building, is 23,000 sq ft of posh shopping space. Behind the exterior was discovered what Dickens calls a "Miss Havisham of a store". There are amazing cornices and ceilings, original parquet flooring and a skylight which gives a great feeling of space and light.

Since I visited the Thurrock store last March, the buying team has been working on developing more lines which are exclusive to The Source. (Personally, I shall rather miss the kick one gets from buying the lines being sold at much higher prices in such posher stores.)

When the new branch opens, Dickens tells me 40 per cent of the products will be own label and exclusive to the chain.

The team has been to Portugal for china and glass and there is some fine ribbed

The Seven Ages of Man  
All the stores are a stage

Lucia van der Post is inspired by Shakespeare as she plans her Christmas shopping campaign

**L. The Infant**  
The big question of this season is always Will He Like It? With just seven weeks left to Christmas, How To Spend It will tackle each of the seven phases of manhood, as eloquently defined by Jaques, Shakespeare's clown, in *As You Like It*.

**Shakespeare's Seven Ages**  
All the world's a stage,  
And all the men and women merely players.  
They have their exits and their entrances,  
And one man in his time plays many parts,  
His acts being seven ages. At first the infant,  
Mewling and puking in the nurse's arms.  
Then the whining schoolboy, with his satchel  
And shining morning face, creeping like snail  
Unwilling to school. And then the lover,  
Sighing like furnace, with a woeful ballad  
Made to his mistress' eyebrow. Then, a soldier,  
Full of strange oaths, and bearded like the bear,  
Aiming in honour, action and quick in quarrel,  
Seeking the bubble reputation  
Even to the edge of foamy death. Then the justice,  
In fair round belly with good capon bred,  
Whose juicy eels and bead of formal cut,  
Full of wise saws and modern instances;  
And so he plays his part. The sixth age shifts  
Into the lean and slipshod pantaloon,  
With spectacles on nose and pouch on side,  
His filthy shirt, which never was on side,  
For his shirt, which never was on side,  
Turning again toward childish treble, pipe  
And whistles in his sound. Last scene of all,  
That ends the strange eventful history,  
Is second childishness and mere oblivion,  
Sneezing, snoring, snores, snoring, snoring.

With the bard as inspiration, and the understanding that all the stores are a stage, we will go shopping each week with the aim of satisfying the seven phases of male evolution.

We begin with "the infant, mewling and puking in the nurse's arms". He is, of course, too young to require much more than warmth, food and a doting mother-figure. So this is a perfect opportunity for the present-giver to come up with something that may perhaps please the infant's parents as much as the child - perhaps a luxurious, soft-as-butter cashmere shawl (sketched below) from The White House, 51 New Bond Street (2195) or an enchanting piece of babywear, specially knitted to order. Matinee jackets from grand baby shops such as The White House and Harrods cost about £30 but they can be ordered and knitted in almost any size or pattern from Fair Isle, 40 High Street, Marlborough, Wiltshire SN8 1HQ, (01672-512519) for £8.50.

For presents that will last forever what about laying down some wine or port? Traditionally given as Christmas presents, either would make equally splendid Christmas gifts. Those who know what they are doing can buy through auction houses. We found the wine department of Harrods exceptionally helpful but, when it comes to making it really easy, it is hard to beat Berry Bros of St James's, London SW1 (0171-396 9800). It has schemes for laying down port and wine, as well as cellars in which you can keep it until the infant comes of age. Six bottles of port cost £143 (plus VAT), plus an annual charge of £8 for looking after it.

Antique or secondhand books are another splendid idea. First editions have a special magic attached to them but that is reflected

in the price tag - according to Edward Maggs, of Maggs Brothers Antiquarian Books, 50 Berkeley Square, London W1, a good contemporary edition can often give as much pleasure and represent better value (prices vary and if the dust jacket is still intact you will have to pay more).

A good set of *Winnie the Pooh* books without dust jackets would probably sell for between £300 and £400. With dust jackets the price would be more like £2,000.

A first edition of Beatrix Potter's *The Tailor of Gloucester* went for £1,150 the other day. David Miles of The Canterbury Bookshop 37 Northgate, Canterbury (01227-66773) specialises in rare editions of children's books - probably beyond the means of all except serious collectors. But editions of *The Lang Fairy Books*, attractively bound, can be found for £150. Heywood Hill, 10 Curzon Street W1 (0171-629 0647) is another source for old children's books and there is a selection at well under £100.

Tiny babies, we are told, see only in black and white but they still love having things to look at in frames and coats. *Winnipeg Ferguson* does marvellous graphic pictures, all in black and white which can be pinned on walls or hung from the cot. They are £10.75 from Peter Jones.

Later on, when they can appreciate colour, there are the "Living Reef" fish tanks which seem to beguile adults as much as children. In the UK they are stocked by The Leading Edge stores, such as the concession in Selfridges, Oxford Street, London W1 or by mail order (0171-498 7881) but they only stock the small size at £24.99. Much bigger ones can be bought from D.O.M., 2 Rue Renard, 75004 Paris (42 78 10 36).

Music is loved from a very early age and clown museum music-boxes, designed by Sanjyo of Japan, made in Taiwan, offer lots of innocent pleasure for just £8.95.

For the small set wanting to keep up with their siblings, a pair of miniature Doc Martens should go down well. They start at size 8 and cost £27.99 (for stockists, tel: 01604-494262).

I've never known a child not care for a bear. The best are antique - Teddy Bears of Witney, Oxfordshire (01893-702616) are the bear specialists *par excellence*, and they sell both old and new. For those who can't afford antique prices, Boyds Bears come ready "antiqued" and have much the same charm. They cost £70 each.

When it comes to toys, remember that many of the best are the enduring ones. And the toys given to the future King of France, Louis XIII, in 1601 would go down well with most of today's little ones. Anita Schorsch's book *Images of Childhood* tells us that he had a hobby-horse, a windmill, a whipping top, a tambourine, soldiers, a cannon, a tennis racket, a ball, clockwork pigeon, scissors, cutting papers and dolls (male only). Buy any of these (perhaps not the cannon) and you can't go far wrong.

If you are still stuck for ideas, Tridias! has five shops, plus an excellent mail order service (tel: 0890-133002). It has some splendid old-fashioned wooden toys, such as Brio, as well as masses of tiny stocking fillers and tree presents.



A Boyds Bear, cashmere shawl, and Doc Martens boots. Sean Poole

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OUTDOORS

Spiralling towards a volcano in the ice

Christopher McCooley takes a close-up look at Iceland's latest eruption, as the floodgates open

Mother Nature was not cooperating. We were going to have to take risks. We began our flight from Reykjavik in clear blue skies, heading due east. Approaching the giant Vatnajökull glacier it was still fine. But over the grimy moraine edges of the ice, the weather closed in.

could be seen through the murk, and then a chasm filled with melt water discoloured by volcanic ash. We glimpsed it just for a few seconds but it was awesome: nature in the raw, an untameable earth force of immense power.

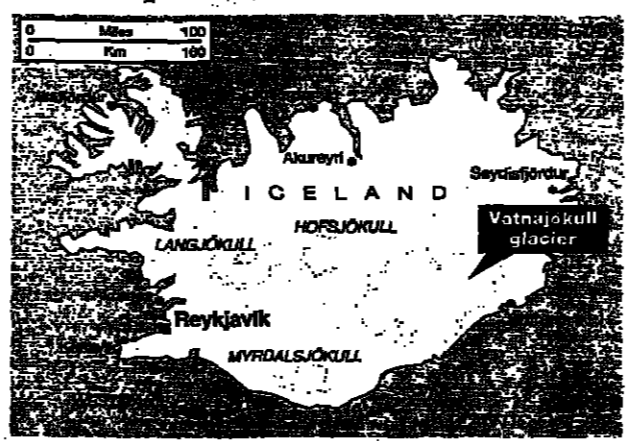
An enormous lake of melting ice, that had been lying under the glacier since 2000-2001, began to flood out last Tuesday, washing away road bridges and power lines in its path. The islanders could only watch and wait.

Iceland is one of the most active volcanic countries in the world. It is a text book for volcanologists, with its sure eruptions, explosive craters, shield volcanoes and classic cones of the Fuji type.

volcanoes, at least 30 have been active since the country was settled first by Irish hermits in the 9th century and then, permanently, by the Vikings from AD874. There have been more than 150 recorded eruptions, on average about one every five years since recording started.

On the way back to Reykjavik we flew over Lakagigar, an example of a fissure volcano. Nearly 20 miles long, it is a string of about 100 separate craters.

In 1783, it poured out the biggest lava flow known to have been produced by any volcano in the world in historical times, covering 218 square miles. Gases and ashes from this eruption poisoned the grasslands over great areas of the agricultural south-west corner of



Fatalities as a direct result of seismic activity, however, are rare. Huge areas of Iceland's 39,699 square miles are uninhabitable - bleak, barren, wastelands of volcanic ash and rock. Eruptions

bled into life 18 times. In March 1947, the initial eruption column of lava, ash and dust rose 100,000ft into the atmosphere. The seismic activity lasted 13 months and the lava covered 25 square miles.

The man who stayed off the mountain

Peter Fairley finds plenty to do while the rest of his party spend their days on the piste

I cannot ski - never have, never will - but my wife can. So can her friends. So while they went on piste, I stayed very definitely off piste, at the bottom of the mountain, and loved every minute of it.



Other attractions: curling, skating, and perhaps church



Off the off-piste: Peter Fairley, non-skier



Schnapps and sculpture: an ice bar in Seefeld

The orange buses became the main form of transport for all of us. Skiers clustered aboard after breakfast and, again, as the sun went down. This left the seats empty for non-skiers during the day. Nobody paid a penny, although the circular ride, stopping by request, lasted 20 minutes.

creams, and men downed thimblefuls of schnapps in one.

under a domed roof, supported by a circle of Doric columns. It seemed a shame to ripple the surface so, after dipping a toe, I moved on to the last attraction - a cavern known as the Blue Grotto, where icy waterfalls tumbled over walls built from boulders.

Why settle for third place?

Arnie Wilson has advice for skiers preparing to enter a race

Martin Bell, perhaps Britain's most accomplished downhill racer, was lying stretched out on the floor of his hotel room at Aspen, Colorado, showing me a simple exercise to keep your back mobile, agile and - more to the point - as undamaged as possible while skiing.

initially intended to. Whatever the standard of the race, be it anything from a genuinely "fun" affair with face paint and balloons, to a full-blooded giant slalom, it is a good idea to prepare for it.

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PROPERTY

# Leasehold on its last legs

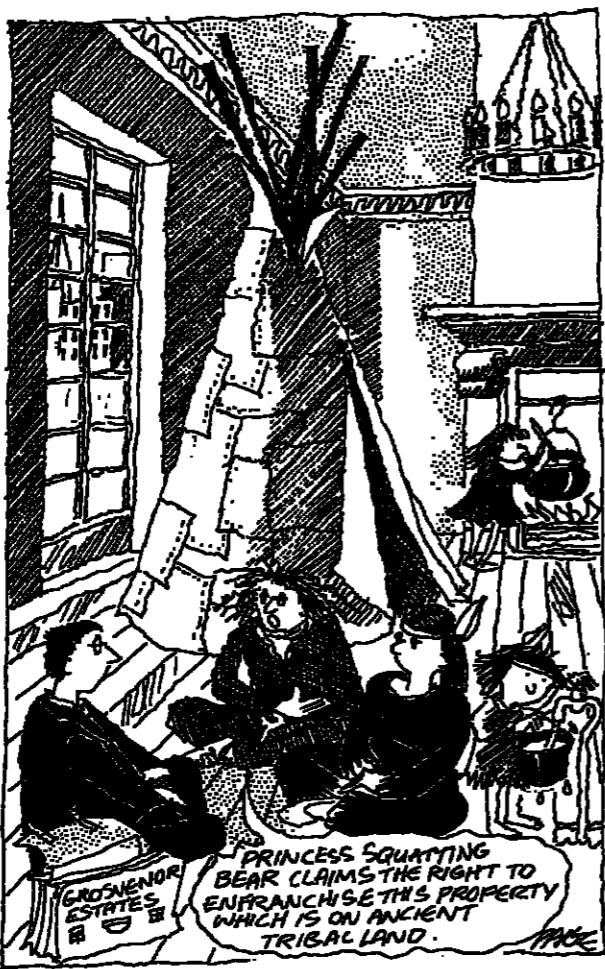
Gerald Cadogan on why it is now easier for tenants to obtain freeholds

Leasehold is fading as it gradually becomes easier to "enfranchise" (obtain the freehold) leasehold properties. Several factors are easing the process of enfranchisement, not least of which is the acceptance by those in the property business of the Leasehold Reform, Housing and Urban Development Act 1993.

Three years after it came into force, it has become a normal part of the central London property scene, as increasing numbers of owners enfranchise their leasehold or obtain a 90-year extension on the lease of their flat in cases where enfranchisement is not allowed or difficult.

A further nail in the coffin of leasehold tenure comes with the Housing Act 1996, which now allows enfranchisement of properties with high ground rents (except in rural areas), which were previously excluded by what is known as the low rent test.

This will give yet more stimulus to Londoners (who are the most affected by high ground rents) to put in a claim for their leaseholds. But the greatest boost is the new, accommodating attitude of the Grosvenor estate, smart London's largest landlord. It has accepted the decision of the Leasehold Valuation Tribunal (LVT) concerning property in Eaton Mews South, Belgravia, on how to value the main items on tenants' bills when they buy the freehold.



seable properties.

It is hard to establish how many properties are changing hands. A national survey of solicitors by the Leasehold Enfranchisement Advisory Service (LEAS) in the spring, estimated that at least 912 tenants had enfranchised or obtained a lease extension, and 2,404 more had claims in progress. A similar survey of surveyors almost doubles these figures, but some cases may have been counted twice.

Many of these cases are in London, which produced two thirds of the 4,851 requests for advice from the LEAS last year. The LEAS will have to stop its work on December 31, unless the Department of the Environment and private sources

will fund it for 1997.

The new act will remove the existing low rent test some time in 1997, for leases granted for more than 35 years. But the test remains for leases between 21 and 35 years. (Leases granted for less than 21 years are "too short" for any new benefit.)

Applicants seeking to buy a freehold or extend their lease must still pass the other tests, including residency. Generally speaking, the house or flat must have been the main or only residence of the applicant for three years out of the past 10, or for the previous 12 months for the collective enfranchisement of a block of flats. (Leaseholders in blocks of flats can only enfranchise collectively.)

But for the residency test, it is not essential to have been a leaseholder all the time to qualify, says Charles Boston, of valuation surveyors Boston Carrington Pritchard: "Someone who rents and then buys the lease could pass this test."

The new act also stops landlords thwarting tenants' claims by such devices as arranging multiple ownership of a freehold.

Having more than 10 per cent of the building's area in commercial use remains a bar to enfranchising - as, for instance, in Kipling House, Villiers Street, London WC2, a warehouse newly converted into flats by property developer Greycoat.

It does, however, allow Greycoat, as freeholder, to offer tenants a truly low ground rent of £100 per flat per year on the 125-year leases, with no fears of losing the building because of the commercial use.

A big change contained in the new act is to make it a criminal offence for freeholders selling apartment buildings to fail to give first refusal on the freehold to the leasees. This requirement was first made under section five of the Landlord and Tenant Act 1987 but it had no sanctions attached.

Generally, landlords and lessees, and their surveyors and solicitors, are growing used to working the enfranchisement rules, which are fiendishly complicated and appear in several different acts, some or all of which might apply in any case.

Grosvenor Estates demonstrates the new mood. In its Eaton Mews South case, the LVT faced two important decisions that affect greatly the final price the tenant must pay for enfranchising the property.

First, should the "marriage value" be shared equally? Marriage value is the difference between the vacant possession value of the freehold and the sum of the tenant's and landlord's interests - in effect, the profit that either party would make by buying the other's interest on the open market.

The law says that the landlord should receive not less than 50 per cent of the marriage value. The question was whether Grosvenor should receive a higher proportion. Following precedent, the LVT said it should be shared equally.

Second, there is the question of the value of the freehold when the lease expires. A figure has to be set which, if invested now, would equal the freehold value on expiry. This hinges on the yield: the lower the yield on this sum, the more the tenant must pay the landlord now to reach that future value.

For example, Grosvenor, advised by chartered surveyor Gerald Eve, argued for a yield of 6 per cent, which the LVT accepted. It therefore received a greater sum now than if the LVT had said 7 per cent.

In another case, the LVT set a rate of 7 per cent for a house in Hamilton Terrace, London NW8, on the Harrow School estate. Harrow is appealing to the Lands Tribunal. The result is due soon.

Once a claim for the freehold is agreed between landlord and tenant, it can be bought by a third party. Leaseholders wanting to enfranchise must consult a valuer, as must anyone buying a house subject to an agreed claim.

"It might cost as much as 25 per cent more to buy a property with an agreed claim than if it was a straight transfer of lease," says George Pope of John D Wood. On the other hand, a freehold house should hold its value better than a long leasehold.

For the many people who lack the money for a freehold house, and the will and co-operative spirit to join a collective enfranchisement of flats, the 90-year lease extension for flats is an attractive alternative, says Charles Boston. It creates a virtual freehold that will satisfy the most prickly mortgage lender - and your great-grandchildren will be able to renew it.



Rooms with an all-round view: the Round House, north Devon

On The Move

## Private landlords given a helping hand

Non-leasehold tenancies are affected by the Housing Act 1996. Landlords will no longer lose possession of a property through misunderstandings when arranging the lease. This will be of particular use to private landlords who let their home for a limited period, intending to re-occupy it.

At present, if they fail to give the correct legal notice that the tenant is embarking on an assured shorthold tenancy (which thereby allows landlords to repossess the property), the tenancy becomes by default an assured tenancy. This gives tenants security of tenure provided they pay the rent and fulfil their other obligations.

Under the new rules (section 96 of the act), which should start in January, new tenancies will automatically be assured shortholds (although existing assured tenancies will remain) and landlords will not have to serve the special notice. It also appears, says Robert Orr-Ewing of

£8.75m for a lease with 101 years to go, from De Groot Collis (0171-235 8090), DTZ Debenham Thorpe (0171-408 1161) or Wetherell (0171-435 6935). The present ground rent is £3,000 for the house and £1,050 for the mews.

Number 10 Eaton Terrace on the Grosvenor estate in Belgravia, a family house of nearly 4,000 sq ft, could qualify for enfranchisement (see main feature, left). Its present ground rent is £1,300, and its price £1.25m for a lease expiring in 2050, from Cluttons (0171-584 1771).

Built in 1737, 19 Upper Brook Street, London, is a huge (15,500 sq ft) house which has been gloriously refurbished by developer Scotden. In a scheme with three houses, six office buildings and nine flats on the north side of the street. It has the most handsome reception rooms, as well as 11 bedrooms and parking for six cars at its mews house at the back. The price for this elegance is

The Round House in Ilfracombe in north Devon is totally different from prime London. It is a strong, squat building, which a local builder built for himself in 1910, to enjoy views in every direction. The price for this imposing edifice is £280,000, from Webbers (01271-868091).

Gerald Cadogan

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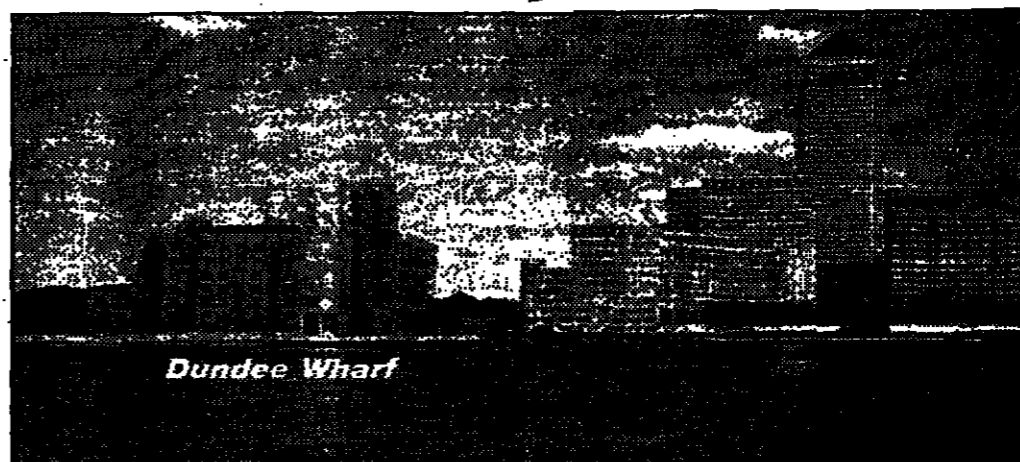
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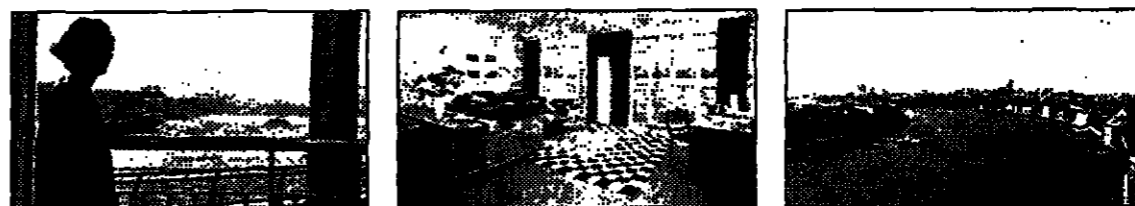
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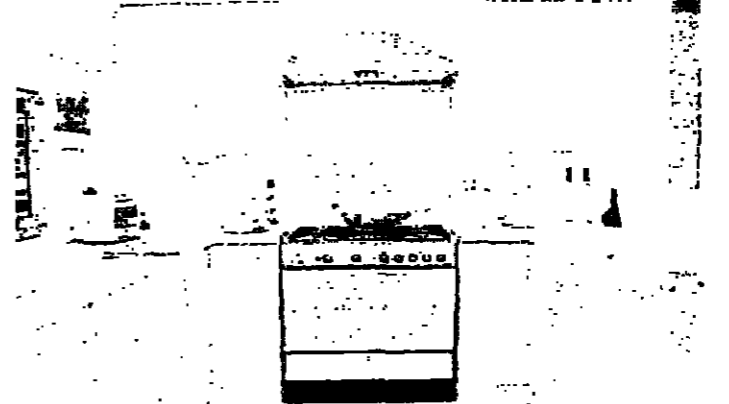
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FOOD AND DRINK

# Nectar for the gods – made by human hand

It is Diwali this weekend and 50,000 worshippers will be descending on Neasden. George Dorgan explains why

Believers offer to God that which is most precious to them and nothing could be more precious than that which sustains life, food.

In western religions the offering of sacred food has been reduced to a symbolic amount as food supplies have become more reliable.

But in the religious traditions of the Indian subcontinent, food is still important – and sacred food often has to sustain not only the spirit but the body as well.

As members of religious communities have emigrated from India, they have carried on the tradition of sharing sacred food as an integral part of worship.

This weekend, Hindus will be celebrating Diwali, the Festival of Lights, which heralds the coming New Year.

The Shri Swaminarayan Mandir in Neasden is the first and only traditional mandir (temple) in Europe – a breathtaking monument made of thousands of tonnes of marble hand-carved in India – and is a magnet for the Hindu community. This year 50,000 worshippers from across Europe are expected and all will be fed prasadam (sacred food).

"Offering food is part of devotion," explains Satyavrant Swami, a sadhu (seer) at the Neasden mandir, "and offering it first to the Lord blesses it." Hindus believe that God exists in consecrated idols, and sadhus offer five meals a day to the deities, dress them and provide them with other necessities.

At Diwali, over 500 dishes will be offered and after being left

**About a dozen women cook and 20-30 clean and cut vegetables**

Indira Patel has been a volunteer preparing food for worshippers at the mandir for the past two years. She was a ward sister for 22 years and is unfazed by the thought of feeding thousands: "I feel that God is guiding and inspiring me," she says.

She has about a dozen women cooking with her and 20-30 women cleaning and cutting vegetables, as well as some astonishingly large utensils. There is also a small shrine in the kitchen. Typical offerings include rice, chappatis, raita, vegetable curries, and dhokera (a savoury cake made from gram flour and yoghurt).

Members of Krishna Conscious-

ness are also guided by the precepts of the Bhagavad-gita, the Hindu sacred scriptures. Foods are divided into three types which translate from Sanskrit as goodness, passion and ignorance. Only foods ascribed to goodness are fit to eat and be offered as prasadam.

When such food is prepared it is never tasted, even by the cooks, because it is first to be offered to God; no one but the cook and the priests are supposed to see it either, as it is first intended for the sight of God.

Both Hindus and members of Krishna Consciousness believe that prasadam acquires extraordinary tastes and uncommon fragrances and reawakens the soul's original relationship with God.

Sikhism arose in the Punjab in the 15th century and Sikh comes from Sanskrit for student, or one seeking knowledge. While Sikhs are not religious vegetarians, food served in the gurudwara (temple) is vegetarian.

Feeding all who come to the gurudwara is a central precept of Sikhism, and the meal is called the langar, Persian for anchor.

The langar was instituted by the first guru, Nanak. The third guru, Amardas, said that all who wanted an audience with him must first partake of the langar. Everyone sits on the floor in lines and all eat the same food, served by volunteers, thereby breaking down social distinctions and making all equal.

Amardas even made the Emperor Akbar partake of the langar in this way and Akbar said he never enjoyed a meal more; it is a wonderfully egalitarian, communal experience.

Cooks also must not taste food being prepared for the langar as this would encourage ostentation and the langar is supposed to be simple and wholesome.

Before it is eaten, it is offered and blessed using a sword, one of the five outward signs of Sikhism – a reminder of the obligation to protect the weak. Langar usually consists of vegetable curry, plain rice, dhal, rotis, raita, salad and rice pudding.

Zoroastrians are a very small religious community, with only

about 100,000 believers worldwide. They are usually referred to as Parsis, a reflection of the fact that they originated in Persia.

It is the world's oldest monotheistic religion and its central precepts are good thoughts, good words, good deeds and never abusing the elements of the earth. Offerings in Zoroastrian fire temples are also vegetarian – fruits, milk, sweet potatoes, caramelised rice pudding, okra, puris.

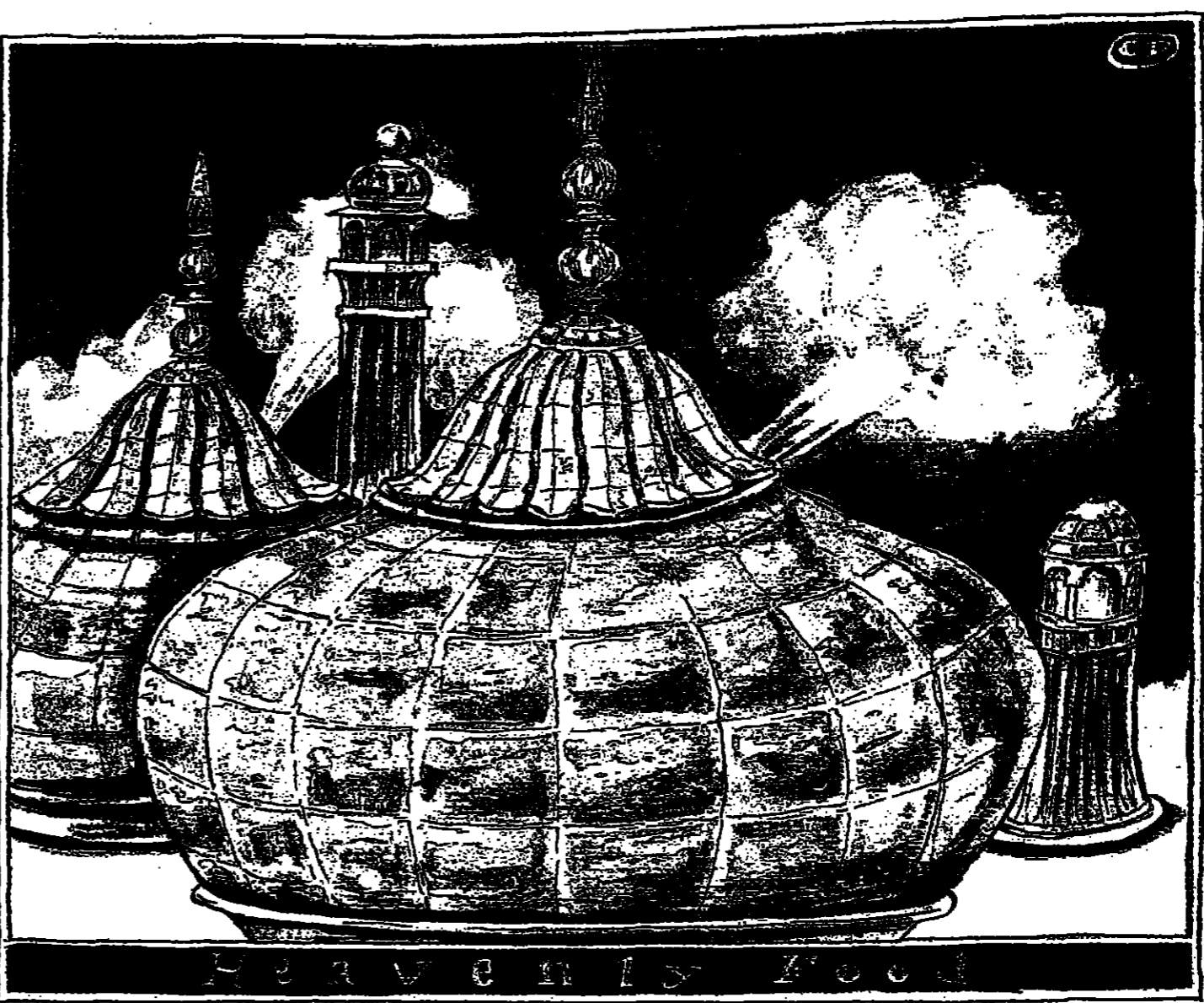
For seven days preceding the Zoroastrian New Year, prayers

are said for the departed souls and there will be different food offerings for the different times of the day.

There is a temple in London, but the community of 6,000 does not have a priest and non-believers are never allowed into the temple.

However, visitors are welcome at these temples:

- Hindu: Shri Swaminarayan Mandir, 105-115 Brentfield Road, London NW10, 0181-965 2651
- Krishna Consciousness: Sri Sri Radha Krishna Temple – best to visit on Sundays, 9-10 Soho Street, London W1, 0171-337 3862
- Bhaktivedanta Manor: best to visit on Sundays, Leetchmore Heath, Watford, Herts, 01923 857254
- Govindas Restaurant: closed Sundays, 9-10 Soho Street, London W1, 0171-437 4923
- Sikh: Central Gurudwara, 62 Queensdale Road, London W11, 0171-602 8141
- Singh Sabha Gurudwara: open 24 hours a day, 7 days a week, Havelock Road, Southall, Middx, 0181-574 8901



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Without appearing to sound like a blinkered glutton, I must admit I had come for the desserts.

But on the menu at Le Grand Vefour, perhaps Paris's prettiest and most historic culinary address, was a combination of ingredients and flavours I had never tried: a sable biscuit filled with basil and orange marmalade; a confit of fennel and a sorbet of red peppers; melon with Sichuan peppers and a green tomato sorbet. And, surprisingly for such a French bastion, a rendition of the classic Italian dish, cheesecake with ricotta, bitter almonds and Marsala.

While waiting for these culinary surprises, I realised that now may be the best time for many a year to visit Le Grand Vefour. Though it opened in 1784, and Jean Vefour took over in 1829, its acquisition in 1988 by the Taittinger Group has

## Culinary surprises

Nicholas Lander relishes a visit to Le Grand Vefour

ensured the investment necessary to revitalise what was a faded jewel. A bomb just outside the restaurant in 1983 led to a spring clean of the interior. It removed decades of cigarette smoke to reveal an intricate gold leaf decor underneath; and in 1992, Guy Martin, a native of Savoie, became chef.

For me, Le Grand Vefour distinguished itself in two other ways. The first was in the staff. Initially they appeared almost supercilious: the sommelier whispered in my ear, needlessly given its high price, that the Chateau Mouton Rothschild was "a very good buy". But by 11.15pm they, like their customers, were much more relaxed. Several became transformed into art historians

reveling in the finer points of the restaurant's decor.

The second was the simple but elegant design of the menu, its cover drawn by Jean Cocteau, a frequent customer, in 1952. It opens like a book, and is neatly divided into four equal columns, starters, fish, meat and dessert courses. "There are no additional bits of paper, no special menus of the month or season."

When I subsequently asked Martin where the ideas for the desserts came from, he replied that they were the result of his own culinary experience and continuous experimentation. And in true French style there is a strong philosophical undercurrent. "What I

am trying to do," he explained, "is balance the flavours of the ingredients – not just to accentuate sweetness simply because they are desserts but also to offer refreshment and achieve a balance of colours."

"A sorbet from red peppers has always been a favourite of mine and is surprisingly sweet," he continued. "What I have done here is use basil and fennel which naturally flourish alongside red peppers so there is harmony. And with the basil, which also is sweet, I have added oranges for acidity."

This could sound pretentious and in less able hands could prove disastrous but throughout the meal, a culinary confidence, a sureness of touch, was ever present.

What followed would have delighted Vefour's illustrious clients of yore, gourmets such as Brillat Savarin and Grimod de la Reyniere from the 1830s, writers such as Sartre and Simone de Beauvoir from the 1950s.

Among the starters, a perfectly balanced dressing somehow revitalising walnut oil's reputation, coated a salad of Breton lobster with truffles, while a thin, round,

pastry tart base supported a welter of caramelised cepes mushrooms, the potential richness of this combination reduced by a thin herb jus.

The main courses were distinguished not just by what accompanied them on the plate but also by different, yet highly suitable, side dishes.

A whole red mullet was served upright, despite the



Le Grand Vefour: perhaps the prettiest restaurant in Paris

removal of its backbone, its liver on toast with sauteed young fennel; noisettes of lamb came with small cubes of smoked goat's cheese and, alongside, a small roasted asparagus, its contents removed and mixed with olive oil, while the tall, thin, slightly wobbly tower of roasted potatoes that sat next to a breast of Bresse chicken with chanterelles

reminded us all of Pisa.

Overruling the sommelier, we found two good value bottles from the excellent 1990 vintage, a Grand Cru Alsace Faller riesling (FF250) and a 1990 Saumur Champigny (FF130) and with coffee enjoyed a slice of a traditional, buttery Savoie cake, an extra petit four.

A taste of Martin's red pepper sorbet, fennel confit and ricotta cheesecake left me very keen to return, particularly when the ombre chevalier, a fish unique to Geneva's Lake Lemane is on the menu. For those who crave more traditionally sweet finales Martin's two chocolate desserts looked extremely good, too.

Le Grand Vefour, 17 rue de Beausjolais, 75001 Paris, Tel: +2 95 56 27. Fax: 42 86 80 71. Lunch FF50, dinner FF60 to FF600. Les recettes de Guy Martin Editions du Chêne, 182 pages, FF280.

Last year they pulled down the Quellenhof hotel in Bad Ragaz. The building was a century and more old, and no longer suitable for the needs of the modern spa-visitor. A new hotel offering every conceivable luxury for the infirm or the sybaritic opens in November. One or two features from the old hotel will be recast in the new. They are a heartless bunch these Swiss.

I stayed down the road at the Bristol, a turn of the century palace hotel opposite the railway station. It has a few of the agréments favoured by visiting valetudinarians, but for the full treatment you have to go up to the brand new Quellenhof next door.

## A constant source of ingredients

Fish is much favoured in the restaurants near the lake, says Giles MacDonogh

If you are as unused to spa-towns, as I was, the experience of dinner at the Hof can be ever-so-slightly unnerving; as we walked into the huge pillared dining room all around us were elderly people, many eating alone with a half bottle of wine or mineral water in front of them. When I looked up from my meal at 9.30pm, they had vanished, virtually to a woman.

The food was all right at the Hof – particularly memorable was a red wine sorbet – but the real treat came the next day. Up on the vineyard-clad Freudenberg, Sepp Kalberer had prepared a picnic. Kalberer is the chef-proprietor of the Schlüssel restaurant in nearby Meis, and one of the best cooks in German-speaking Switzerland.

It was the sort of picnic I like best: inside at a proper table, with chairs, cutlery and glasses.

There were three soups, including one made from riesling wine and another from pumpkin and sprinkled with pumpkin seed oil; there were rabbit filets and ceps set in aspic; slices of young stag strewed with Alpine cheese laid over pickled plums formed *crostini*; non-fattened goose liver came dressed with *aceto balsamico*.

The cheese was a three-year-old Alpkäse. Later this was served with a *Birnenbrot* which looked a bit like a Christmas Stollen and was stuffed with figs, nuts, cloves and dried pears.

After lunch we drove over the border to Austrian Bre-

genz on Lake Constance. The frontier is a bit of a joke here: there is no appreciable difference between the Allemanic Germans who populate the shores of the lake; whether they are Swiss, Austrian or German, their culture is the same, and among themselves at least they all speak that Allemanic language which leaves most Germans and Austrians scratching their heads in bewilderment.

These days Bregenz is best known for the annual opera festival which is held on a giant floating stage on the lake. It is a pretty place, and the prettiest part of it is the "upper town" with its solid mediaeval fortifications. The 17th century Deuring-Schlössle hotel is built into

the wall. It must be one of the loveliest in Austria. Long before it was converted into a hotel its portrait was painted by Egon Schiele. That picture now hangs in a private collection in Graz.

In contrast to the rough treatment meted out in Bad Ragaz, the Huber family had been kind to the interiors of their hotel. On the first floor the wooden panelling was in place in the public rooms. The 13 bedrooms and suites had all received individual treatment and a series of concealed gardens had been laid out beside the steps which dwindled away down to the busy lower town.

There was nothing wrong with the food at the Deuring-Schlössle either. Heino Huber likes to use the plenti-

ful fish from the lake: perch, lake trout and *Felchen*. The latter is generally translated as "whitefish", but must be of the char family, like the *ombre chevalier* of Lake Geneva.

Some of these fish appeared in an aspic flanked by a brace of crayfish with samphire; they also figured in the lake trout dumplings which floated in the fennel cream soup. The venison medallions with ceps and a juniper sauce was a little too understated, however, to make a mark. There was a delicious plum tart with cinnamon ice to finish.

The next day we took the boat to the German side of the lake, stopping at the mediaeval Bavarian town of Lindau and driving on to

Meersburg. In the Winzerstube zum Becher in Meersburg (07532 90 09) I was able to try the delicate *Felchen* cooked simply à la meunière. What the cooking lacked in finesse was amply compensated for by generosity.

The Seehotel Siber is a swish, turn-of-the-century villa on the lake. The owner, Bertold Siber was recovering from a savage attack by a gang of bandits.

Not three weeks before our visit he had been shot twice and left for dead in the cellar of his house. It was a moving occasion to see him making his first uneasy steps among the tables. He had discharged himself from hospital for the evening.

Naturally Siber had not been able to play a big role in the kitchen that evening, but it was nonetheless a creditable meal, even if it suffered from that German fear of strong flavours. Certain themes reappeared from elsewhere: pumpkin soup, this time with a skewered Dublin Bay prawn; and venison with ceps. There was also a fine *foie gras* mosaic and a nice piece of turbot set in a vivid green parsley sea.

Our last meal was at the Fischerzaun in the old Swiss town of Schaffhausen. André Jäger worked in Hong Kong, and like a number of influential contemporary chefs, he likes to combine elements of oriental cooking with ideas learned in the west. When it succeeds it can be wonderful. When it fails it can be worse than banal.

Dishes which did not work

for me were the *dhal* soup with rather dry duck sausage and a yoghurt dip flavoured with tandoori spices, and a fussy dish of Mediterranean monkfish and lobster with a black bean sauce. Nor did I take to the kitsch presentation of the dishes on lacquered trays complete with bunches of flowers.

On the other hand, some courses really showed Jäger's mettle: a lovely little *amuse queue* of lobster wrapped in cabbage; or some Orkney salmon, lightly smoked and served on chopped lightly boiled eggs with a *wasabi* cream.

We had stayed that night at the Inselhotel in Konstanz, a building with a rich history. It was once a Dominican Friary and during the Council of Konstanz the Bohemian religious reformer Jan Hus was incarcerated there before he was burned at the stake.

Graf Zeppelin, of airship fame, was born there in 1838. His mother was a Maennlein. Later the Zeppelins turned the friary into a hotel. They added the balconies on the lake front and the lively frescoes to the cloister. The Inselhotel must be one of the last accessible buildings in Germany to honour the last Kaiser with a monumental portrait, bristling moustaches and all.

In the 1960s the hotel underwent further "restoration". Rooms were slotted into the upper reaches of the church and the arcades truncated by a vulgar contemporary eggshell ceiling, other

parts of the church were remodelled as a bar. As for the cell where Jan Hus suffered for his beliefs, the bottom half serves as a colostore for the kitchen, while the top half is now part of the hotel's bridal suite. Philistinism is not limited to the Swiss side of the lake.

- Hotel Bristol, Bad Ragaz (081-302 82 61)
- Grand Hotel Hof Ragaz
- Restaurant Schlüssel (081-723 1238)
- Deuring Schlössle, Bregenz (055-74 47 800)
- Winzerstube zum Becher, Meersburg (07532-90 09)
- Seehotel Siber, Konstanz (07531-70464)
- Fischerzaun, Schaffhausen (053-252281)
- Inselhotel, Konstanz (07531-1250)

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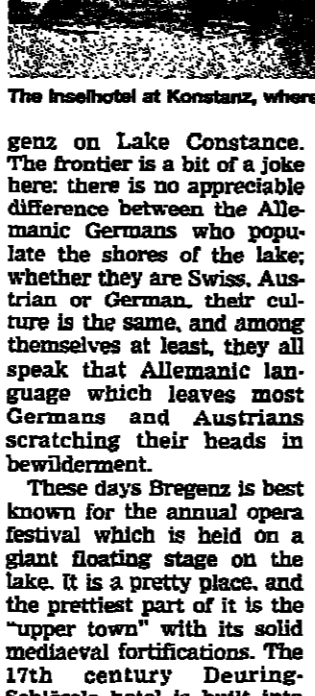
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The Inselhotel at Konstanz, where Graf Zeppelin was born



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FOOD AND DRINK

Wine  
Grapes that are always at home

Jancis Robinson unbottles some delicious secrets

**W**e know that the Médoc, Graves, and Napa Valley and Coombs warra are perfect spots for Cabernet Sauvignon grapes; that Merlot thrives in Pomerol and St Emilion as nowhere else; that Chardonnay grapes are transplanted above mere varietal expression in the Côte d'Or.

But, fortunately for us all, there are dozens of other, less well-known combinations of grape and place that seem to bring out the best of each in a bottle. Choosing any of the following bottles would mark you out as a wine insider.

Godello is a Galician grape from the cool north-west of Spain. In inland Valdeorras it can show every bit as much class as Albariño (see below) does nearer the Atlantic and may well have even better ageing potential. This is not one of those fast-fade varieties. No need to gobble up the 1995s to make way for the 1996s.

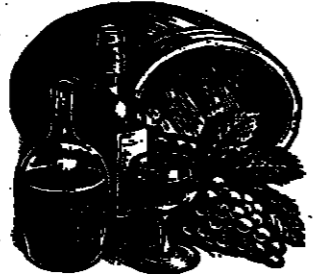
Unlike most Spanish white grapes, it also seems well able to stand up to the rigours of oak ageing. In fact the 1994 barrel-fermented example of Senén Guitián 1994 may still be struggling to emerge from under all that oak, but it is long, rich and confident and should make a very noble bottle in about six months.

The British can get their hands on two first class unoaked examples of Godello grown in Valdeorras. Valdesil 1994 is £7.35 from Spanish specialists, Laymont & Shaw of Truro (01872-7018) and Villeneuve Wines of Freethe. It tastes of minerals and lemons, has more substance than their Lagar de Cervera Albariño and could stand up to a wide range of white wine foods.

Vina Godeval 1995 is £7.70 from Adams of Southwold (01462-722266). This is really racy, lively limey stuff, reflecting Mosel-like slate on the steep banks of the river Sill. This wine can be kept for a year or two and would probably be great

with smoked salmon. Albariño is Galicia's better-known white grape, so popular in Spain that it must be difficult to uplock. When I first tasted it I thought it was Viognier, so perfumed and peachy can it be, but the best have much more steel and backbone. (The prevailing local myth is that it is actually Riesling.)

Martin Codex's version is ubiquitous in New York restaurants determined to show they have broken free of Chardonnay mania. Perhaps the best-known example in Britain is the



aromatic, peachy Lagar de Cervera, from the coastal vineyards of Rias Baixas (£7.50 from Laymont & Shaw, as above). More exciting and fine, however, is a find from the recently demarcated region of Ribeira Sacra, Abadía De Cova 1995 (£7.75 from Adams of Southwold). This is apparently grown on pergole above a loop of Mino river (Vinho Verde country lies on its left bank downstream).

Another Iberian speciality is Arinto, which seems thoroughly at home in Bucelas just north of Lisbon. Plantings of East Anglia stock the Bucelas Prova Regia for about £5.95. The 1994 was most impressive with real spine and a certain citrus quality. It tasted a good year younger, and an open bottle has lost remarkably little after two or three weeks in my fridge. The 1995 is arriving any minute.

Perhaps of all red wine grapes Malbec is the most remarkable for reserving its

finest performances for a wine region thousands of miles away from its homeland, Cahors in south west France. Malbec and Mendoza in Argentina is a marriage apparently made in viticultural heaven. While it is still relatively difficult to find seriously exciting Cahors (in Britain anyway), several Argentine Malbecs dazzle in terms of fruit, while all dazzle in terms of value.

The Balbi winery in Mendoza was acquired by Allied Domecq as part of a complex distribution deal some years ago but it was only recently when someone had the bright idea of shipping over wine-making talent from Calvet, its Bordeaux merchant, that Balbi's potential began to be realised. The wines are interesting because they are also sold on the domestic market (under the Calvet label because all things French have cachet in Argentina), thus constituting an attractive halfway house between Argentine syrup and the typically antiseptic style of the flying winemakers.

The 1996 Balbi Malbec (£3.99 Safeway) is a wild thing indeed - gamey, extraordinarily deep colour, almost fizzy with excitement. Let us hope it develops into something as richly interesting as the 1995, currently on offer at Oddbins and Victoria Wine, also £3.99.

Bibendum of NW1 (0171-722 5577) and Fullers shops around London have a particularly good range of Argentine reds, more up either party or wholly of Malbec. Best of all is the deliciously dramatic single vineyard Catena Malbec 1994 which, thanks to some top quality French oak, combines Médoc structure with Malbec plumpness and is certainly worth £8.99.

This cheerfully exuberant grape is also responsible for much of the appeal of £2.99 Argentine reds such as those to be found currently chez Sainsbury's and Safeway.



Barbecue eating is a messy affair: academics who argue over the origins of the word should start wielding basting brushes rather than the pen

Coming to terms with the barbe à queue

Nicholas Woodsworth ignores the etymology and gets stuck in in Kansas

**B**arbecue eating is fun. Much more fun, in fact, than delving into its etymological origins. But let me briefly challenge those barbecue academics who wield pens rather than basting brushes.

Barbecue, professes one learned tome on the subject, comes from the French description of an animal cooked whole, or *barbe à queue*, literally, "beard to tail".

Not so, protests another authority - it is derived from the Spanish *barbaco*, a wooden rack used to grill meat and fish. Other specialists trace the origin of barbecue to the Indians of the American southwest, to black slaves of the Caribbean, to the Mongols of Asia.

Who is right? No one, in fact, really knows - human beings of every sort have been placing meat over hot coals ever since they discovered fire.

I, personally, have no stake in the argument over where barbecue comes from. But in the far more important debate over where it is going, over where one finds the perfect culmination of the barbecuing art, I will jump into the fray with grilling fork held high. Whichever trail one begins on, all scents eventually lead to Kansas City, Missouri.

Anyone who arrives here on a weekend, as I did not long ago, will realise that there are no more serious professors of barbecue than Kansas Citians. Here, everyone is an expert with the most solid credentials of all, backyard experience.

On Saturdays, whole suburbs are redolent of the odour of the oak, hickory, apple, cherry and pecan wood chips used to produce fragrant smoke and flavourings. From one shady block to another, lawns are strewn with barbecue grills that range from the latest in high-tech

flavour, for another. But above and beyond that, he insisted, "We just barbecue better than anyone else."

I had to agree. In front of me Gates set down plates holding a 14-ounce smoked beef sausage, a slab of short-end barbecued pork ribs, slices of beef cut from an SB barbecued beef brisket, and pieces of barbecued ham, chicken, and lamb.

Adding to the smell of each kind of meat was a complex, enticing odour of spicy seasonings, fragrant smokes, and piquant sauces. These are, in fact, the three elements that complement meat in classic Kansas City-style barbecue - the pre-seasoning, or "rub" of herbs and spices that precedes cooking; the smoky flavour that comes from slow cooking in a covered, wood-burning grill or pit; and finally, the barbecue sauces that are added to meat only at the last minute before eating.

Barbecue eating is a happy, tactile, messy affair. Grasping and ripping off one of the moist and meaty ribs on the slab in front of me, I bit in. The rankest of beginners, I could only begin to sort out the hints of tomato paste, vinegar, brown sugar, cayenne, and paprika that make up a Kansas City sauce. Was there also Worcester sauce, molasses, celery seed, garlic, honey, onion powder and mustard in there? Ollie Gates was not saying. Like most city sauce-makers, he keeps his recipes a closely guarded secret.

But he will not hide the fact that he believes barbecue to be as sophisticated these days as any other style of cooking.

When members of the city's black community first began cooking and selling barbecued meats back in the 1920s, he said, it was a bit or miss affair, using cheap cuts of meats like ribs and brisket, an entire church congregation could be fed on a Sun-

day outing. But things soon got more serious. The same cuts were retained, but the original barbecue, a hole dug in the ground, became a brick-covered, vent-controlled smoke pit. Sauces evolved, recipes were perfected. By the time George Gates got into his stride barbecue was a booming business, and Ollie's father was locked into a fierce rivalry with his chief competitor, Arthur Bryant.

"We both had places close to the ball park," Ollie laughed. "For Kansas Citians, watching baseball used to mean eating barbecue - fans used to line up round the block. But you ate at Gates', or you ate at Bryant's; no one would ever dream of switching."

It is the same today. Mention Gates to a Bryant's enthusiast and you will get a sick shudder. Mention Bryant's to a Gates lover and you might not be allowed in the door.

Is there really that much difference? Considering myself now a potential Gates' man, I went down to check out the competition.

Bryant's certainly has a down-home style. Where Gates' decor is brick and wood and carpet, Bryant's is no-frills linoleum and plastic. Where Gates serves a portion that would satisfy two, the man in front of the pit at Bryant's backs off hunks of beef that would serve a small platoon.

But what about the taste? There was something that made them quite different. But lost amid a dozen subtle flavours - some sweet, some hot, some spicy, some smoky - I worked my way through an entire 12-ounce brisket sandwich without being able to decide quite what it was.

The theoreticians and academics of barbecue may, in the end, be right. Cholesterol be damned, I will have to return. More research is required.

Whole suburbs are redolent of the odour of oak, hickory, apple, cherry and pecan wood chips

Port kicks up a storm

It has now become trendy, says Giles MacDonogh

**Y**es, it has happened at last - port has become trendy. Why, only the other morning I received a fat book all about port (*Port to Port*, £26) and instead of pictures of stout gentlemen tipping from decanters, I saw a kaleidoscopic vision of new wave chefs "drizzling" port over fishcakes.

The book, sponsored by Sandeman, does everything it can to tilt at the fuddy-duddy image of port. Some notorious boozers are wheeled in to tell us how they drink it in the bath. Tom Bantock of Black's Club in Soho tells us he drinks 21 bottles a week - a three-bottle-a-day man. He has a hard head; Dr Johnson only drank two, and the stuff was weaker in those days.

Willy Lebus of the importers Bibendum tells us that he finds tawny port "sexy" - *O tempora, o mores!* If such a thing were to get out in the club, no one would ever crack open a bottle again.

Fortunately for the old fogies among us, port is broad minded enough to play both roles. The suggestion that port was best drunk with ice and lemon on the beach, however, led me to have a fresh look at the Old-School-Tie brigade among the port houses, and see what had happened to the "Englishman's Wine".

Among the English names the surviving independents are Taylor's (with Fonseca) and the Symington group, composed of Dow, Warre, Graham and Smith Woodhouse. Then there is Chur-

chill Graham, which was founded by Johnnie Graham a few years ago. In order to avoid difficulties with the Symingtons, the new owners of the family firm, he borrowed his wife's name. Despite his comparative youth, Johnnie Graham is very much an old-fashioned port shipper. I recall once reaching for a ripe orange on a tree at the Quinta da Eira Velha in the Douro Valley when a shot rang out over my head and a partridge dropped dead at my feet; Johnnie had shot it from an upstairs window. I can't

quite see him dribbling port on fish. So what can these gentlemen drum up for us this Christmas? First LBV or "late bottled vintage". There are two clear styles here. In recent years the port companies have begun to help the consumer by marking whether the wine is really an afterthought with some proper vintage character, or just a superior ruby bottled after filtration and cold-stabilisation. In the case of the former, some houses now write "traditional" on the labels.

Of the ruby-style LBVs my favourite was the Dow 1990 (£8.99 from most multiples), which was as it should have been; a fresh mouthful of fruit. Of the "traditional" wines, the 1992 Warre (£13.49) was exemplary, and quite good enough to replace a vintage wine after a less festive meal.

Single Quinta Vintage port is wine from a specific vintage which is offered as the unblended product of an individual estate in the Upper Douro. Proper "vintage" is always a blend. In practice SQV is bottled in the "off years" when no vintage was declared. Every now and again (1975 might be a case in point) the shippers seem to get it wrong, and the SQV wines from the following year taste superior to the vintage.

My favourite of the SQV wines was Churchill's Agua Alta 1987 (£21.70 from Tanners 01745-259400) with a glorious black fruit character which I can imagine being ideal for Christmas this year. My runner up is the Taylor's Vargellas 1984 (£17.20 from Tanners), although it is not an equal to the lovely 1982. Of course, if you can run to a proper vintage wine, this is the natural choice for Fogey's Christmas. The problem is that the 1977 is still sulen, and it might be better to wait until the millennium when it might have come round. Much the same is true of 1985. The 1975 is now largely over the hill and earlier vintages can be thin on the ground. In the circumstances I recommend the wine Graham's 1983 (£24.49 from Sainsbury's) which is now fully ripe in its lush, sweet house style; or, for those who prefer an elegant angularity to their wines, Dow's 1980 (£26.99 from Oddbins, Thresher and Waitrose). This has a tincture of something almost amusee-like and is beautifully structured, even if it is a shade too serious for drinking on the beach.

Appetisers  
Tate and style

The UK government may inadvertently be giving a boost to restaurant outlets. The Treasury's continued cuts to British art institutions are forcing galleries and museums to improve their catering facilities in pursuit of more customers.

In London, the National Theatre is reviewing its restaurant, as is the British Film Institute. The Tate has plans for what could be a breathtaking restaurant at the top of its new Bankside site and the Burrell Collection in Pollok Country Park, Glasgow, has opened its dining room from Thursday to Saturday evenings, 7pm until last orders at 10pm.

Frédéric Girardet (Weekend FT, July 27) will be handing over the reins of his world-famous restaurant in Crissier above Lausanne to chef de cuisine Philippe Rochat this month. Rochat has been in the kitchens of the Hôtel de Ville for 17

years and head chef for the past six. "He'll be all right - I taught him well," says Girardet with a smile. As for FG, he will continue as a consultant; there's talk of a brasserie or bistro, a cookery school, maybe more books... Not so much a retirement, more a second career. Sue Style

Spirits are high at the Auberge de l'Eridan on Lake Annecy (Weekend FT, August 31), where Marc Veyrat reopened on October 24. After successful re-scheduling of his debts and a reduction in interest rates, it's business as usual for the talented mountain boy from Manigod. SS

FT wine writer Jancis Robinson was made the first international wine Communicator of the Year for her journalism, books and television work. The award is made jointly by the Verona wine fair, Vinitaly, and the UK-based International Wine and Spirit Competition.

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SPORT

Sporting Profile

# Prince of razzmatazz

Keith Wheatley meets boxing's greatest exhibitionist, Naseem Hamed

**D**etractors who accuse Naseem Hamed of being a posing, prancing show-off who demeans boxing - and there are quite a few - should pick up a new video entitled *Licensed to Thrill*.

His autobiography, half fight sequences, it contains previously unseen amateur footage of Hamed as a Sheffield schoolboy. All the current mannerisms are there in the unformed 14-year-old - the somersault over the ropes into the ring, the open taunting stance, the cheeky gap-toothed grin at the opponent. Hamed was doing this stuff when his income was pocket-money from his slushkeeper father rather than £1m per fight from Sky television.

Brendan Ingle, the trainer/manager who has looked after Hamed since he was seven, often looks uncomfortable with his star's posturing but admits that it is innate, rather than dollar-induced, hype. "The razzmatazz has been there since his first fights as a kid," recalls Ingle. "It's just got a little bigger along the way - which often happens in boxing."

Tough, the cathode hysteria will be on display at Manchester's Nynex arena when Hamed fights Remigio Molina of Argentina as part of what is probably boxing's biggest bill for a decade.

Nigel Benn's return super middleweight bout against Steve Collins is part of the same UK show, while in Las Vegas and linked by satellite Mike Tyson is

taking on Evander Holyfield. While Molina is not currently a title-holder he is unbeaten in 27 fights and rates number one in the Latin American rankings. It represents a tough challenge for Hamed after his August fight against Manuel Medina in Dublin that went 11 rounds and nearly cost him his world title.

"Looking back at the video of that night, I can't believe the state I was in," Hamed recalls. "I was not fit enough to fight but to sustain that until the 11th round and then win on a technical knock-out was a wicked performance."

At home in Sheffield the young fighter's life is somewhat removed from a self-styled Prince.

His Yemeni parents keep a corner-shop and until recently Hamed lived above it. He now shares a detached modern home, comfortable but not ostentatious, with his brother Riath, who is also his commercial manager.

"The stereotypes around Naz make him appear this little monster who jumps in the ring and beats people up, but there's a quiet different personality outside that," said Riath. His client's blue-chip endorsements include Audi, Adidas and next month he begins a big poster and TV commercial campaign for Pepsi. Those who have visited "the Prince" at home say that his manic posturing and laboured habit of talking about himself in the third-person disappear the moment he is through the family portals.

He lightly dismisses media reports that he became a fighter

through having to combat boyhood racist attacks as "paper talk".

"I was a very confident kid, and I had a reputation at school that if you messed with me you were going to get stressed. But there was no racism," he recalls. Hamed was seven when he first stuck an inquiring nose around the door of Brendan Ingle's gym, close to the family shop. The Irish trainer saw the potential for the tiny schoolboy to become what he says is "the best boxer Britain has produced in 50 years".

Despite winning seven ABA junior titles, Hamed was unpopular within the amateur boxing bureaucracy. His showmanship and habit of mixing rapid-fire Arabic with five-talk English proved unpopular. Ingle warned him that "office politics" might keep him out of the Olympic squad and a medal at Barcelona.

After leaving school at 16, Hamed spent two years as a trainee telephone engineer before qualifying and turning professional in the same month. "I liked it, passed my exams and I could still fix your phone," he laughs.

The fight that Hamed's many admirers ultimately want to see is against Mexican bantamweight world champion Marco Antonio Barrera. There have already been offers and counter-offers but it appears that the Mexican does not want to meet the British fighter at a weight Hamed is comfortable with.

Meanwhile, fresh from his 43rd

straight victory, Barrera, 22, told a recent interviewer that the Briton was ducking a meeting.

"Hamed has never met anybody. He fights old men but he never fights top boxers like I do. When people ask me about fighting him I tell them that watching him fight is like watching a circus act," he said, after beating Jesse Magana last month. Just 4lb separate Hamed from Barrera. However, those 4lb are likely to be a crucial stumbling block to a fight actually taking place.

Barrera's management insists that Hamed must meet their man at 122lbs (55.8kg), compared with his natural featherweight level of 126lbs (57kg). The medical authorities responsible for safety in boxing have identified enforced weight loss as the most dangerous single factor in the fight game.

Despite his superior record, the Mexican earns nothing like the purses that the British fighter earns.

"I know the type of purses Barrera has been paid for some of his defences and they are nowhere near my offer," insisted Frank Warren, Hamed's handler. When it comes, the fight will attract audiences that previously only Frank Bruno could attract in Britain.

"It's not about boxing, is it?" asks Hamed. "It's about watching this little guy on the telly tonight. He's so flash, so cocky that you want him to take a right lesson but somehow he always wins. A lot of people tell me that."



The flash, cocky fighter from Sheffield tonight meets non-title-holder Remigio Molina of Argentina



Paragon of virtue: Gevorg Khachatryan is a virtual teetotaler

## Striking out for mother Georgia

England face determined opponents today in Georgy Kinkladze and team-mates, says Bruce Clark

**G**orgia's most famous Mum flutters her long eyelashes and sighs her love in England for most of the past year, so she could observe at close quarters her son's dazzling career at Manchester City.

Like many of the 70,000-plus fans who will pack the Tbilisi stadium today, to watch Kinkladze and his team-mates square off against England, she is warm, theatrical, hospitable, fashion-conscious, devout and fiercely patriotic.

"At first, the British authorities didn't understand when I told them I wanted to look after my 23-year-old son," she huffs. "But I tried to explain to them that in my country, even people of 100 still think of their 75-year-old offspring as little children."

From his mother and his father Robison, the chairman of the Tbilisi football club Lokomotiv, Georgy learned to rejoice in the exploits of his country's medieval monarchs, Queen Tamar and King David - and pity the Russians because they only embraced Christianity 10 centuries ago, nearly 700 years after Georgia.

And in the Land of the Golden Fleece, where every taxi-driver and fruit farmer can quote a line or two from

an ancient epic poem, Georgy himself is rapidly becoming a legend. "He's a kindly and fair-minded lad who's hardly ever seen a yellow card," gushes his uncle Beso Abashidze, a soccer coach himself.

But for all the adulation he receives in his homeland, the cult of Kinkladze in Saint George's other kingdom is at times even more fanatical - and it can take on dimensions which the romantic and soccer-mad Georgians find puzzling.

Despite coming from a country where acquaintances kiss one another on the cheek several times a day, the Kinkladzes, mother and son, are nonplussed when their walks through Manchester are interrupted by strangers who insist on kissing the soccer star's legs.

The short, flashy midfielder the fans know as Kinky was snapped up by Manchester City for a reported £2m fee after starring in Georgia's astonishing 5-0 defeat of Wales in November 1994. It was an inspired move by chairman Francis Lee and manager Alan Ball which helped lift the club from the gloom of relegation.

Both men, incidentally, get high marks from Khatune: "They've been so considerate to Georgy, they never leave

him alone..."

But admirers wonder how long the Maine Road club will be able to hold on to a player whose market value has risen at least sixfold in the last two years.

In August, Manchester City's bosses told an inquisitive Sheffield Wednesday they estimated Kinky's market value at not less than £15m. In any case, the Mancunian side is so pleased with its Black Sea prodigy that it has acquired another Georgian player, Mikhail Kavelashvili, and is in the process of taking on a third.

Georgia's youth certainly needs all the positive role models it can find. A couple of years ago, the most obvious way for an energetic Tbilisi lad to distinguish himself was to join the ranks of the robbers and racketeers who terrorised the city until President Eduard Shevardnadze finally brought them to heel.

The current revival in Georgia's footballing prowess and the emergence of Kinkladze as a clean-living hero has been a powerful symbol of the country's recovery from post-Soviet mayhem.

Georgia experienced more than its fair share of that chaos, and its footballers did not escape. The standard of Georgian football sagged after early 1990 when the

republic, in a burst of nationalist pride, quit the Soviet team to which it often contributed two or three players.

Full independence in 1991 triggered a wave of political and criminal violence which left the Georgians little time to think about soccer - although one championship game was played in the besieged city of Sukhumi, a few miles from the front line of a middle-sized war.

Six members of the current national squad are refugees whose families were forced to flee the coastal region of Abkhazia, along with 250,000 of their compatriots, after Georgia lost that war.

Kinkladze and all his team-mates have lost friends in Georgia's internal bloodletting. He has told interviewers that his first few months in England were haunted by images of gangsters and shoot-outs in his new home city.

But his memories of early childhood are, of course, much pleasanter. Apart from his parents' lessons in patriotism, an important formative experience was the delirious rejoicing which broke out in the Georgian capital in 1981 when Dynamo Tbilisi won the European Cup Winners Cup.

One of the heroes of that

period, a former Soviet soccer captain called Alexander Chivadze, is now the Georgian national coach. A stocky, mustachioed figure with a wolfish grin, he predicts another footballing craze as Kinkladze and his contemporaries inspire a new generation of Tbilisi schoolboys. "I can feel another boom coming on," he says.

Nothing could serve that purpose better than a victory against England today. Georgians firmly believe that football was introduced to their country by sailors from an English warship which sailed up the Black Sea coast about a century ago.

It so happens that a British battleship is paying a courtesy visit to the Georgian port of Poti this week. But this time round, it could just be the Georgians who give their Anglo-Saxon visitors a footballing lesson. If that happens, the cries of joy from the Tbilisi stadium will be audible as far away as Manchester.

"I think it would be very hard for our team to beat England in an away match," says 17-year-old football fan David Baramidze. "But our 70,000 spectators, many of whom have paid a month's wages for their tickets, will make a big difference."



# Fly Chatter

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OUTDOORS

Fishing / Tom Fort

# Love of the outcast freshwater wolf

I do not kiss fish. I cannot really see the point when the prospect of reciprocal affection is so remote. But I have seen pictures in magazines of men who do and very ludicrous they look, planting their lips on the scaly snout of some goggle-eyed trophy.

After the experience of Sergei Stizh I would guess that even the most bearded and half-witted fisherman would be wary of trying anything of that sort with a pike. Stizh, some may recall, was the Russian angler who was so enraptured with the 10lb pike he had landed that he essayed a smacker on its lips, whereupon his capture clamped its gnashers on his nose.

According to one account - and I detect the imaginative touch of some freelance reporter in this - Stizh appealed for help to a passer-by, who refused to remove the beast because he thought it was a cancerous

growth. The wretched Stizh was taken to hospital, emerging minus pike and the tip of his nose.

This tale, however fancifully embroidered, is just the latest chapter in the dark and violence-spotted history of the pike. It illustrates perfectly how it has acquired its reputation as the Dark Destroyer of the underwater world.

The myth-making began long ago. Charles Bowker, an 18th century screamer, records the rapacious antics of a pike in a canal belonging to one Lord Cholmondeley. Having scuffed all the fish and waterfowl in the immediate area, it was fed on magpies

and crows which had been shot for it; and subsequently on "cald-bellies, chicken's guts and such like garbage" until his lordship's staff tired of its gluttony and left it to starve to death.

Bowker dubs it the "freshwater tyrant" and, of course, humans infringe its world at their peril. In 1829, so the story goes, a medical student who was swimming in Vienna had to be rescued when a brute of a pike seized his right heel. The student was treated for dreadful wounds. The pike was eaten.

In 1857, a 15-year-old lad was wading in a pool near Ascot racecourse when - according to his father - a huge pike, emaciated

and maddened by hunger, attacked him, inflicting lacerations so severe that he fainted twice while being treated by the surgeon. A few days later, his assailant was found dead from starvation.

Whether strictly true or not, such tales add immeasurably to the pike's renown. I love to read, in Boosey's "Anecdotes", how a calf drinking in the river Blackwater had its head seized; and how a pike, which had snapped at a child's fingers trailed from a boat, was persuaded to grab a croquet mallet instead and was thereby dragged to the bank and clubbed to death.

But even the pike cannot

match that nightmarish horror, the giant catfish, for mythic rapacity. This beast can grow up to several hundred pounds in weight and has an appetite to match. Gesner, a possibly over-credulous 16th century authority, speaks of a human head and right hand being recovered from one, with gold rings on two of the fingers (a nice touch, that).

Other records mention children being devoured on the Danube and elsewhere. The body of a young woman, with her purse, is said to have been prized from the maw of a Balkan monster. Accounts of geese, swans and drinking sheep being swallowed are legion. I like the idea of a

Viennese poodle being spat out. The thing about a catfish is that even its mother could not pretend it was a thing of beauty. The thought of its huge, flattened head, gaping gob, writhing feelers and slimy, blotchy tapered body is enough to keep you awake at night.

The pike, on the other hand, is a creature of beauty, however anti-social its habits. Its predominantly olive-green colouring (relieved by buttery splashes on its flanks) and creamy stomach, its sleek lines, the hungry curve of its snout and dangerous grin - it is a wonderfully elegant piece of death-dealing machinery.

It is in the teeth that the

essence of its menace lies. Many other fish - perch, trout, eels, even chub - have teeth. But the pike's dental armoury is something else.

The bottom jaw is lined with fangs, long and curved at the sides, shorter and closer together at the front, all wicked, all razor-sharp.

Above, extending back towards the throat, is row upon row of teeth, a host of dental stalactites. They slope back and ensure that, once a prey is grasped, escape is impossible. So, there he is (or, more properly, she, since the big ones are always female) - the freshwater wolf, the outcast and scourge of fishy society, the smiler with the knife.

I love the pike and, once the trees are bare and winter has arrived, I shall be after it. But I shall take care, and keep it clean. No amorous embraces for me, even if I do catch the monster of my dreams.

Gardening / Robin Lane Fox

# Beware nature's saffron strippers

The late autumn storms have battered gardens, but they made unusually short work of the best of my crocus.

Autumn crocuses have never been very popular in this country, except with the mice and squirrels. But I have always been an autumn crocus enthusiast and my particular pride is my small clump of Saffron crocus.

This year, six of its flowers survived the weather until the last gale knocked them flat. I had no time to harvest the long orange filaments of the flower's stigma, which is a pity as crushed saffron now changes hands at more than \$1,000 a kilogramme. Crocus Sativus is a miniature gold mine if you know how to grow it and maintain it. It times get hard, I think I will take to it as a trade.

Trading in saffron has an unimaginably long history. The bulbs were grown in the near East, probably as early as 2000BC. Saffron crocuses were discovered on the enchanting freccos from the volcanic Greek island of Santorini, which were discovered in the late 1960s. In these ancient Greek wall paintings, girls are shown gathering saffron in baskets. The crocus appears on the island's pottery, and a selection is on display at the National Archaeological Museum in Athens.

Saffron varies in quality and I have just returned from the finest centre of saffron in the entire ancient world. On the southern coast of Turkey, east of Antalya, the ground falls away into three alarming chasms, one of which has long been the centre of an ancient mythology - an evil dragon is said to have been imprisoned there by the ancient gods.

In fact, the chasm, near modern Silike, was caused by a collapse in the ground, brought about by an underground river. When I first visited this extraordinary wonder of nature, the old Corycuan cave, I returned to the sea shore to recover from the experience and thought that I was hallucinating when I saw a herd of cattle being watered out in the waves by two young Turkish girls. They were using the far end of the subterranean river bed which had caused the inland chasm and had once sustained the most valuable beds of Saffron crocus in the world.

The crocuses of this natural

ravine produced the most marvelous orange filaments. I have searched on several occasions, but there is not a trace of them now, especially as the Turkish tourist authorities have begun to develop the cave below as a resort and the privacy of the area has gone. Instead of crocuses, there are small pieces of cloth, knotted into the surrounding brushwood as prayer objects - many of the local visitors consider the area a holy one.

Nowadays, you have to leave the world of the Mycenaean Greeks and their eastern neighbours to see saffron at its best. It grows by the acre in terraced fields in Kashmir. While it is also grown in Iran, by far the most remarkable spread of it is in

ods of turning the stigmas into powder, but they compete to attain particular standards of which Mancha Selecto is the absolute top of the vintage.

Why do we not all grow our own beds of saffron and save the money? Picking it would be hard work, but no worse than the yearly rotation of pulling out chickweed. There is, however, a snag. Crocus Sativus is not particularly free-flowering and is often unwilling to flower at all. Like the Madonna Lily, it is unpredictable in its preferred soil, but seems to like a rich, sunny well-drained place. The one thing it certainly likes is to be lined and divided every three years. Otherwise, it only produces leaves and the corns shrivel to the size of small pellets. By all means, try to grow it but I very much doubt that you will ever build up the acreage and quantity to flavour your cooking rice for a year.

Once upon a time, of course, it was different. There were no supermarkets and people had to grow marginal crops of high value. The crocus used to grow vigorously in Saffron Walden, providing early employment no doubt for Essex girls as crop strippers. I doubt if there is more than a handful in the entire county nowadays, but I also question a famous story about the introduction of saffron to the region. A pilgrim, we are told, "proposing to do good in this country", stole a head of saffron, concealed it in his staff and brought it back from the Mediterranean at the risk of his life if his smuggling had been discovered. The saffron crocus could certainly have been found on the pilgrim's route through southern Turkey to Jerusalem, but I do not believe for one moment that this romantic story is correct. Walden got its saffron without any evasion of customs duties and I can well believe that it had been cultivated locally, long before Christian pilgrimage, as a result of Roman settlement.

In Spain, the crocus-peelers will have just finished their harvesting of flowers by the million. In Oxfordshire, the wildlife has just finished all but three of my plants in a fit of sporting malevolence.

If you want your own crop of saffron, be sure to add a shotgun to your shopping list of corns and manure.



A strong, slick performer, the Fiat 20v Coupé Turbo is the car for the individualist with a taste for speed and comfort

Motoring / Stuart Marshall

# Clear roads and mean coupés

How often do you tell yourself that motoring has become an unavoidable and disagreeable chore? If most of your driving is on the crowded urban roads and lorry-infested motorways of southern England, the answer must be quite often. But it does not have to be like that.

Go 600 miles/1,000km north to Caithness and Sutherland, get behind the wheel of a car and everything changes - especially if you are driving one as seductive as Fiat's 20v coupe. Up there, the well-surfaced roads are almost deserted, the air is pin clear between the showery and all the drivers are so nice to one other. I doubt many have heard of, let alone experienced, that unfortunate symptom of a job society, road rage. The reason is that even some of the "A" roads are narrow single tracks with passing places. If people were uncivilised and did not give way automatically, cheerfully waving the other through, there would be chaos.

It goes further than that. I would defy anyone not to enjoy exploiting a Fiat 20v coupe's polo pony handling and dashing acceleration to make best progress, when safe to do so, on open roads through remote countryside. I certainly did. When the good motorists of Caithness and Sutherland saw my bright blue coupe coming up behind, they tucked

closer into the verge and encouraged overtaking with a flash of left-hand indicator. It is motoring as it should be.

There are two versions of the Fiat 20v coupe; both have 2.0-litre, five-cylinder engines with counter-rotating balance shafts. They spin silkily to high revolutions, pull untemperamentally in fourth or fifth gear at low speeds. With 250 horsepower under its down-swept bonnet, the 20v Turbo is Fiat's most potent

volume-produced car as well as one of its best looking. On a track, it is said to sprint from a standstill to 62mph/100kph in 6.5 seconds and reach 155mph/250kph; the 147 horsepower non-turbo model takes 8.9 seconds from 0-62mph and has a 132mph/212kph maximum.

None of which means very much in the real world. More to the point, they are as urbane in manner as they are eager to perform. And they are proper four-

seaters with ample luggage space, not cramped two-plus-tuos. I find some high performing coupés lose their appeal after an hour or two through excessive tyre noise and harsh ride. But not the 20v. It would be unfitting on a long journey because the seats are form-fitting and the engine never becomes strident. Whatever the road conditions, there is always engine - and, of course, braking - power to spare.

Both models have a similar 28mpg (101/100km) average fuel consumption, the turbo's economy benefiting from higher overall gearing. I rate the coupés among the most enjoyable and covetable cars I have driven this year. Prices have not been announced but they are not expected to cost significantly more than the current four-cylinder models they will replace. The 20v Turbo is certainly going to be cheaper than any rival of similar power and performance. The coupés take Fiat up-market into the sporting-cum-quality niche occupied until now by the group's Alfa Romeo and Lancia marques. Buyers, particularly of the Turbo, will be individualists with a taste for performance. For the rest of us, the good news is that the brilliant new five-cylinder non-turbo engine will be available early in 1997 to British user-choosers and family motorists in the Fiat Marea saloon and estate and a Bravo HGT.

## European Car of the Year

In just over a week the top brass of five car makers and their advertising agencies will know the best - or worst.

European Car of the Year 1997 will have been chosen by an international jury of motoring writers.

There was an exceptionally large number of 28 entries to be whittled down to a short judging list of five. The 28 were Audi A8; BMW 5-Series and Z3 2.8; Chrysler Voyager; Citroën Saxo; Fiat Marea; Ford Ka; Honda Legend; Hyundai Coupe; Jaguar XK8; Kia Clarus; Lancia Ypsilon; Mercedes-Benz SLK and V-Class; Mitsubishi Colt; Lencor; Nissan Primera; Porsche Boxster; Rover 200; Renault Mégane and Scenic; Skoda

Octavia; Toyota Camry, Picnic, Paseo, Starlet and Land Cruiser Colorado; Volvo S40/V40; and VW Passat.

Many were obvious no-hopers but in picking the five names to go in the frame, some very good new cars with promising commercial futures (BMW 5-Series and Nissan Primera, to name but two) had to be rejected. The finalists are the Audi A8, Ford Ka, Renault Scenic, Skoda Octavia and VW Passat.

Which will win? The Renault Scenic is the most likely winner. But it is such a curious line-up - three of the five are closely related VW Group products, sharing big components, including engines - that I would not put any money on it.

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TRAVEL



# Always and forever in Jamaica

**I** was what? fired Ursula Andress back at the comper, who was put off balance, but struck solidly to his script in his resonant Jamaican accent.

"Well, er, sexually aggressive; in that bikini, coming out of the sea, Honeychile, the first Bond Girl, a new definition of womanhood..." she said, with an expansive sweep of her hand. "I was simply being me." Laughter rippled across the crowd.

She was speaking at the Bond Girls and Villains session at the James Bond Festival, which was held recently in Jamaica.

I have to admit that I dined out for weeks on the idea of attending a James Bond festival. What a whimsical and utterly dippy idea: three days in celebration of one of film and fiction's

greatest and most unbelievable characters: 007, who moves in a fantasy world of unspeakable evil and vanquishes resolutely, and whose women are so fanciful that they transcend any concept of womanhood.

It was billed as a gala, with glitz and glamour, but would it turn out to be a convocation of sad and lonely spy fantasists, of appalling Sean Connery impersonations? In the event it teetered, not all the stars were there, but clearly the fans loved it.

James Bond was created in Jamaica, of course. Ian Fleming spent two months of the winter each year on the island at his house, Goldeneye, which sits just above the sea on the north coast near the town of Oracabessa. It is private now, but festival-goers were permitted to visit.

The house, a bungalow,

**In a three-page special on the Caribbean, James Henderson visits Jamaica and finds himself at a James Bond festival, rubbing shoulders with former Bond girls and villains - but where are Q's gadgets, why is Jaws being disarmingly polite and what is Miss Moneypenny doing with a set of bowler hats and T-shirts?**

uses the best of the breezy Caribbean climate - louvred balconies stand at angles on pegs and vast windows open out on to the garden and then to the sea. In the corner of the bedroom stands the wedge-shaped, two-tiered, desk where James Bond was created. Faced then with heroes called Peregrine Carruthers and "Standfast" Maltravers, Fleming chose the "dullest" name he could find, that of the author of an ornithological book, *The Birds of the West Indies*. (Fleming met the real James Bond in 1964 and he was not the least put out by the theft of his name. In fact he said

that it helped him through customs.)

Noel Coward, one of Fleming's many visitors, complained to the writer about the discomforts of Goldeneye, in verse. Coward eventually built his own house, Firefly, high on the hill above Goldeneye - a setting chosen with customary discernment because it has one of the finest views in the whole Caribbean. Fleming actually asked Coward to play the part of Bond in the first film, *Dr No*. Coward replied: "No! No! No!"

Back at the festival, mornings were spent on the beach and then the afternoons

were filled with a round of talks by actors, directors, scriptwriters and stuntmen. One of them, Raymond Benson, the present author of the James Bond books, was working on his first novel, *Zero Minus Ten*, which is centred on the handover of Hong Kong. Benson is adhering to the fast pace and lean text of the Fleming novels and keeping Bond up to date, resisting calls to turn him back into the archetypal cold war character.

Fans at the festival were not nearly as obsessive as (*Star*) Trekkers can be, but cups or two seemed to be living life in short snaps of tele-

visual heroics, a semi-permanent score of Bond theme music in their heads. This really was their moment. At one stage I got a lengthy critique of *Diamonds Are Forever* as "gender-unconventional, self-aware, parodic in the face of ultra virility, where even the villain lives in drag..."

There was even a Bond memorabilia room, where some of Q's gadgets were on display, alongside some Bond underpants.

I experienced only one moment of Bond déja vu in the middle of the night on the way back from the Villains' Beach Party - I was in

the funeral scene in *Live And Let Die*. I dared not ask whose funeral it was, in case, like in the film, I saw the lightning flash of a flick-knife and laughing teeth.

There were plenty of former Bond stars at the festival - Mayday (Grace Jones) and Octopussy (Maud Adams) put in an appearance. On this occasion they came unimpeded, except for the visit to Jamaica in return for their attendance.

The best known Bonds declined to take part, however, and it was left to George Lazenby, who made just one Bond film, to cut the same easy swag as he had in *On Her Majesty's Secret Service*.

Albert "Cubby" Broccoli, the producer of almost all the Bond films who died earlier this year, made sure that no villain ever upstaged his hero. At the festival's gala dinner, however, it was the

turn of Jaws (Richard Kiel: 7ft 4ins, shoe size 18; glove-size 20) to delight the crowds. He turned out to be a disarmingly sensitive and articulate man for a screen villain. Apparently his grim expression in the films was helped by the fact that his metal teeth made him twitch. He is frail now, but he endeared himself to the dinner crowd, sitting next to an 11-year-old, giving a winsome speech in honour of Broccoli: "It takes a big man, a much bigger man than me..."

But it was Miss Moneypenny, Lois Maxwell, that the fans loved most of all. She sat in a mock-up of her office at dinner on the first night, oversaw the throwing-the-bowler-on-to-the-hat-stand contest, awarded a kiss and T-shirt to the winners, then brought the house down when she reappeared at the gala evening.

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# High in the hills where the breeze is cool

**Victor Mallet finds relief from the damp, tropical heat in the comfort of an exclusive mountain retreat**

**L**ife in the damp, tropical heat of the Caribbean can be a constant struggle against sweating, rust and mildew - camera lenses become clouded with fungi, the surface of a shiny pin left on a table overnight is red and powdery by the morning.

There are two ways of dealing with this. The first is the brutal strategy adopted by concrete hotels throughout the tropics: lock the windows, deploy plenty of electric power and turn on the air-conditioning to keep everything cool and dry, and provide a large, over-chlorinated swimming pool for those who insist on venturing outside to breathe unprocessed air.

The alternative is to co-opt the climate instead of confronting it. Avoid excessive exertion, move to the hills and open the windows wide to the breeze. This is the approach taken in Jamaica at Strawberry Hill, one of the exclusive "Island Outpost" group of hotels developed by Chris Blackwell, the Jamaican entrepreneur who founded Island Records and brought Bob Marley to the world's attention.

For Strawberry Hill's 12 villas - more than 3,000ft up in the Blue Mountains, they overlook Kingston Bay on one side and the lush vegetation of the mountains on the other - architect Ann Hodges and interior designer Tanya Melich have deliberately harked back to pre-electric methods of keeping cool. That means wide verandahs, hammocks, four-poster beds draped with mosquito nets, and planters' chairs.

Strawberry Hill has long been a retreat from the heat and noise of Kingston. A coffee and fruit plantation since the 18th century, it was favoured for its Sunday teas in the 1950s. The plantation's main building - the Great House - was destroyed by hurricanes Gilbert in 1988, and the redeveloped Strawberry Hill opened as a retreat for popstar musicians and other wealthy for-



Effervescent Rita Marley holds sway with Bob Marley devotees

where his effervescent widow Rita holds sway and various Marley children continue to record their albums; or to Firefly, Noel Coward's old home (another Blackwell property), on the north side of the island.

This was once the lookout post of Henry Morgan, the pirate who became the country's first governor, and is now popular with a crowd of swooning and searing John Crows (the local name for the vulture that Americans call the turkey buzzard).

Then there are the beaches. The coast bristles with comfortable, facility-rich "all-inclusive" modern resorts where tourists stay for a week or a fortnight for a fixed price, regardless of how much they eat or drink or waterski. Guests are largely insulated from life outside - including the "hustlers" and "niggers" trying to sell them everything from marijuana to wooden carvings - and they like it that way.

Some hotels are raunchy, heavy-drinking places with names like "Hedonism". Others are staid by comparison; the Sandals Resorts chain (couples only - no children and no gays) of Jamaican tycoon Butch Stewart has carved out a lucrative market niche offering not just holidays for heterosexuals but instant tropical weddings for those who want to avoid the trauma of tying the knot at home.

Wedding prices start at \$750, and the hotel arranges everything from the pedicure and the clergyman to the wedding video and the marriage certificate. Louis Grant, general manager of Sandals at Dunn's River, says his hotel does more than 600 weddings a year. "We're going to start having renewal of vows in a mass-type situation," he says.

**Strawberry Hill, contact Island Outpost, Tel (00-1-809)-945-8400. In US, Sandals' Dunn's River, contact travel agent or (800)-743-7432. In UK, Victor Mallet lives with Air Jamaica, 0151-570 7389 in UK.**

designers two years ago.

It maintains its tradition as a weekend refuge for Jamaicans, although the leisure meal nowadays is a Jamaican brunch rather than tea: jerk meats (slow-cooked), salt fish, breadfruit and plantain to go with the champagne and orange juice served by a waitress named Winsome.

This hotel, if you can call it a hotel, betrays its surroundings rather than confronting them. There is no dress code. Guests are cooled by fans and thus spared the roar of other people's air-conditioners as they wander in the gardens to share its botanical delights with iridescent humming birds and gnatcatchers. A small plunge pool stands in for a swimming pool.

There is as much artifice as nature in all this, of

TRAVEL

# St Barthélemy Sky dive to the Fifth Republic

Christopher McCooley visits an island both French and Swedish

It is a real Indiana Jones arrival. The light aircraft bobbles and alights itself to pass between two hills. Once through, the pilot puts our stomachs in our mouths with a nose-dive towards the skid-marked runway at sea level. As soon as the wheels touch tarmac the brakes are applied and we pull up just short of the bathers on the white-sand beach.

*Bienvenue à St Barthélemy* is part of the Fifth Republic but thousands of miles from the motherland's bosom. Just eight square miles of hilly volcanic rock, the French *sous-préfecture* has a character all of its own. For a start it is the Caribbean's only white island - most of the 5,000 inhabitants trace their ancestry back generations to when farmers and traders arrived from Normandy and Brittany.

They made ends meet by meat-curing the flesh of wild cattle and pigs in the sun and then smoking it over a fire of green wood. This process dried away with seasoning which relied on the burning of salt - a scarce and costly commodity. Skilled sailors to boot, the buccaners as they were called, soon added looting of Spanish galleons to their CVs and were known for their roving and bold adventures in the 17th century.

Most notorious was Monbars, dubbed "the Extremist" by the long-suffering Spanish. Local legend has it that much of his treasure is still buried somewhere on the island so you might like to pack your metal detector along with your swimming

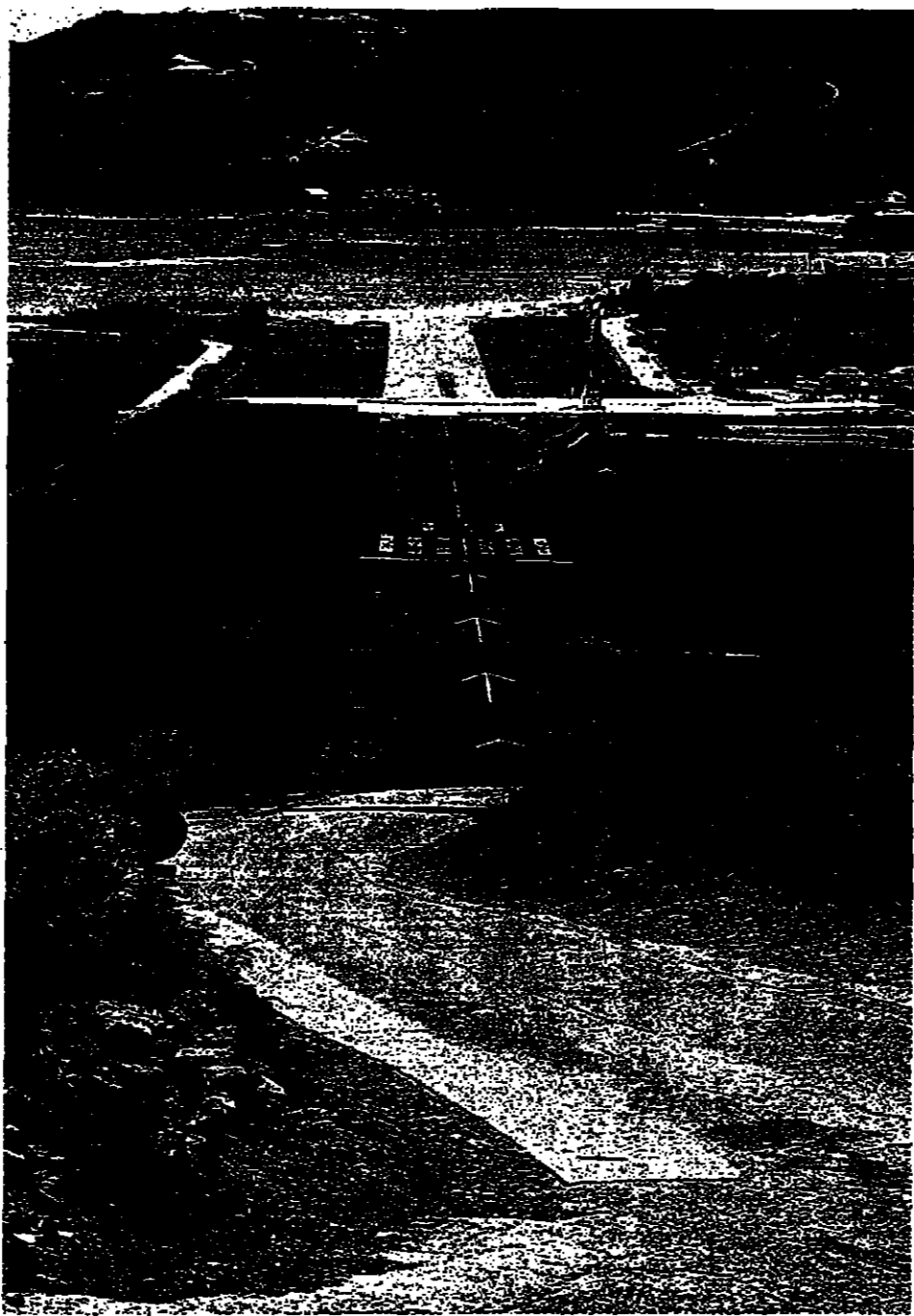
costume.

In the 18th century more colonists arrived but St Barts (as most call it now) never became a tobacco or sugar cane plantation island because of the boorish soil and difficult terrain. But it did become a free port (a status it still enjoys) and the traders and shopkeepers had slaves to work in their homes. Except for a brief takeover by the British in 1758, St Barts remained French until 1785 when the government of Louis XVI gave the island to Sweden in exchange for duty-free trading rights in Gothenburg.

For almost 100 years the island remained Sweden's only overseas possession in the western world. During this time the slave trade came to an end and most black indentured labour left the island to seek a better life elsewhere in the Caribbean. The Swedes strengthened the island's Viking blood (blue eyes and blond hair are still common) and the chief town and only port, Gustavia, is named after the Swedish king Gustav III.

France bought back the island from Sweden in 1878 for 320,000 gold francs. Today it is where the well-off and beautiful come. The year-round balmy climate of sunshine and warm winds with temperatures around 80°F, the superb cuisine (with more than 60 top-class restaurants), the fine wines and cheeses from France, make it a favourite place for Americans and Europeans - especially the younger set.

Although officially against the law, on the beach the French will remove not just their tops but also their bottoms at the drop of a sun



Hold on to your hats: only small aircraft can land on the island - so touchdown can be daunting

bat. Safety helmets are also worn by moped and scooter riders. Few do, and the six policemen and eight gendarmes on the island do not seem to give a fig leaf about clothing or head-wear.

The island was hit hard by Luis last year. The hurricane was the worst in 25 years. One hotel maid described it as "like hundreds of wild beasts growling and trying to tear their way into your

home". For an island dependent on tourism it recovered remarkably quickly. Much has been repaired or replaced. But not so easy to recover has been some of the bird life. No hummingbirds have been seen since Luis struck. The birds rely on nectar from flowers such as hibiscus. The hurricane took all the flowers and leaves from the vegetation and St Barts was laid quite bare. While the hummingbirds

did not reappear, within months the visitors were back - wine and dining, water sporting, shopping in the boutiques and duty-free shops and worshipping on the beach.

Christopher McCooley flew British Airways and was a guest of Guanchant part of the Leading Hotels of the World group. In the UK, *Elegant Resorts* (tel: 01244-897999) handles bookings.

# Antigua Bone fish, turtles, champagne shores

Christopher McCooley on resorts fit for royalty

The choice was between bone fishing and being shown the room that Princess Diana used when she graced the island with her presence earlier in the year. I went fishing.

Bait was the finest prawn from the K-Club kitchen. Stedroy was ready and waiting with the Boston whaler at the wooden quay. The outboard motor coughed and caught, and we were soon slapping across the waves of Codrington lagoon, factored to the nth degree with lotion against the Barbudan sun.

Bone fish are so called, explained Stedroy with disarming Caribbean frankness because "there's a lotta bones in dem". The engine was cut and we idled on the current looking for "milky patches" - places where the bottom-feeding fish churn up the sand looking for tasty tidbits. The hook was baited and with a small lead weight to aid casting I sent the prawn into the blue yonder. Once it had sunk to the shallow bottom I began to reel in slowly. Three hours later we called it a day. No takers.

Stedroy blamed the bait: "They just don't smell like local shrimp." But the day was not over; before returning to shore we took in the largest frigate bird colony in the Caribbean. We could go right in close to the nests in the mangrove trees on the lagoon edge. It was June and the adolescent birds, one to each precarious nest consisting of just a few sticks, were still being fed by the females.

Fishing from a small boat is conducive to small talk. Stedroy has 12 children - six of each. There are more Barbudans in Leicester, England, (including one of Stedroy's) than on the island which has a current population of about 1,500. The island has five cricket teams. The K-Club is the indul-

gence of the fashion designer Mariuccia Mandelli, aka "Krizia". Her aura and her ego (and her books) are everywhere. She certainly likes Caribbean blue: from the aquamarine candles in the restaurant to the *ecu de Nive* striped cushions in the rooms, including the one fit for a princess. Since the K-Club opened four years ago, Krizia has hired (and fired) 18 general managers.

In contrast, over the same period, Jumby Bay has had one. Another island off Antigua, but only two miles and less than 10 minutes by launch, the 300-acre resort is owned privately by John and Harry Mariani (of Banff Vintners). In Antigua folklore a *jumbie* is a good spirit; the island was renamed and sounds a whole lot better than its former name - Long Island.

It is a kind of fictional country with rooms and villas as sumptuous as any fit for royalty. In fact, Jumby

Bay declined to host Her Royal Highness and the future king and his brother - the security would have been too intrusive for the other guests.

It is not just film stars and tycoons who seek peace and quiet on its champagne coloured sandy shores. Hawksbill turtles have been hauling themselves out of the limpid waters hereabouts for centuries to deposit their ping-pong ball size eggs in supple, white leathery shells in shallow nests scraped in the sand under the sea-grape trees.

During the main nesting season from June 15 to November 15 the beach is patrolled from dusk until dawn every hour by two biologists. Between 20 and 40 female turtles come ashore each season - as many as five times at intervals of two weeks - to lay about 150 eggs each time. Guests can leave instructions at the front desk to be awoken if one of the turtles comes ashore during their stay. I did, but like the bone fishing, I was out of luck.

Christopher McCooley flew to Antigua with British Airways and was a guest of the K-Club and Jumby Bay. In the UK, *Elegant Resorts* (tel: 01244-897999) handles bookings for both resorts.



Codrington: home to the Caribbean's largest colony of frigate birds

# Grenada Mingle with the locals

Striding towards us over the mangrove field known locally as the "mang" came a wild looking figure, naked to the waist. He was selling and brandishing a cutlass. We halted, debating whether to make a run for it.

As he approached we recognised "Bal-head" (we knew only his nickname), out with his dog to collect breadfruit for Sunday lunch on the beach. He lowered his cutlass, gathered his bound and invited us to join him.

People carry machetes in Grenada as they carry screwdrivers in London. It is one of those things the fearful, agricultural island for the first time, has to get used to. Another is the courtesy. Nobody passes without a greeting; a flat-palm salute, raised arm or index finger, with a "Yo!", "Take it easy", or "Peace an' love".

The "mang" is at Petit Bacaye, a little beach resort in the south-east corner of Grenada where the heat is tempered by the trade winds which blow in over the reef and an offshore islet.

Built and owned by our friends Ivan Baker, a Grenadian-born Londoner, and Cristine, his concert pianist wife, the place is as open to the villagers and local fishermen as it is to the tourists.

Petit Bacaye is 10 miles by road, but miles more in spirit, from the all-inclusive resort hotels clustered around the new airport and Grand Anse Beach where Pizza Hut flies the flag, drinks are priced in US dollars, and the occasional mugging of jogger tourists is now not unknown.

Arriving at night, we were greeted by a blood-red moon under almost full eclipses and huge, ghost-like clouds piling up over the bay. There were rumours of an impending volcanic eruption on Montserrat 300 miles to the north and some nervous speculation that a chain reaction might ripple down the Antilles and revive Grenada's own dead volcano 2,300ft above us.

Day broke to a riot of colours, suffocating to the city eye, of oleander, frangipani

and bougainvillea - though the hibiscus has gone, killed by an infestation of mealbug. The fishermen returned with catches of black and yellow snapper, blue sea-roach, red grouper, dolphin fish, lobster and grinning barracuda. Egrets picked over the grass, an occasional mongoose sneaked between the palm-roofed cottages, and viridian hummingbirds hung at the flowers while black herons and frigate birds sailed overhead.

Towards evening thousands of land crabs would climb from their burrows and sit like rabbits in the sun, turning "the mang" into a pink carpet which would be whisked away at the first human tread. (Land crabs are tasty with the spinach-like callaloo.)

Over rum-and-water we came to know the regulars, who treated us more like guests than holidaymakers: gentle Ernest behind the bar, who jumped from the front wall in St George's at the time of the American "intervention" in 1963; "Rasta" Sam with his innocent face and *ganja* eyes; Gayn, "Butterbut" Sam, Ratty, Quayle, Sippy and Dracula, Neck the fisherman and "Sork-sork" (whose nickname was due to the noise he made sucking orange).

We were fed on pigtail and lentil soup, pumpkin and salt fish soup, grilled dorado, lobster and potato salad, goat curry with rice and peas, "pepper pot", salt fish and pepper egg scramble.

Giant bats and bullfrogs escorted us to bed, and a Peeping Tom heard squinted through the open eaves. We fell asleep to the chirp of cicadas, the clink of tree frogs and rum glasses, and the distant rumble of the reef. Petit Bacaye may not be luxury, but it is a model of culture-friendly tourism.

Caledonian Airways flies from London Gatwick to Grenada on Wednesdays; Petit Bacaye cottages: 4-person \$180 a night (\$105 in summer), 2-person \$100 (\$85). Tel: fax: Grenada (001 809) 4422902 or London 0181-789 6163.

Christian Tyler

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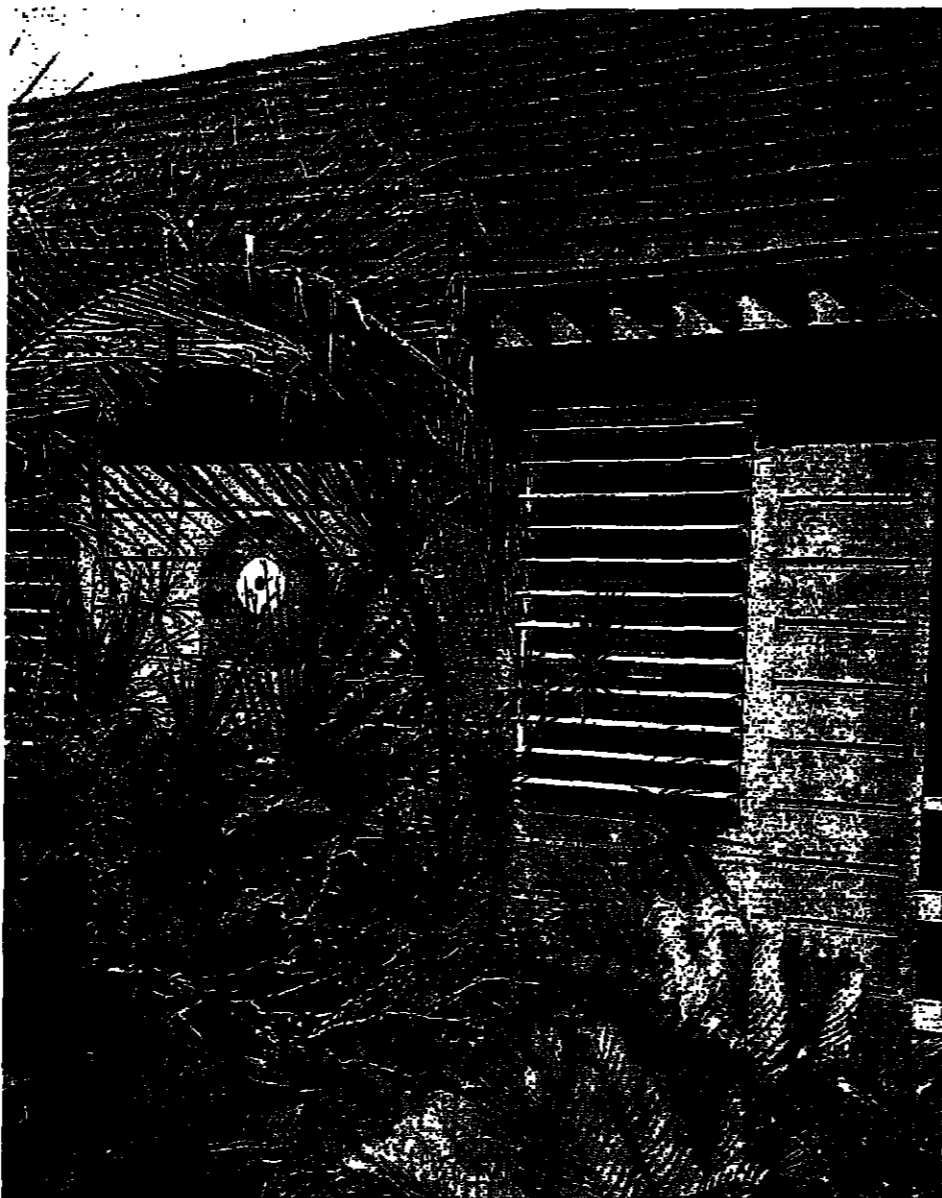
The Bahamas
Island hopping paradise

James Henderson samples the slow pace of the friendly, family islands

Between them, the Bahamas probably have more sand than the rest of the Caribbean islands put together. There are reckoned to be 700 islands, some of them no more than a sand bar that disappears at high tide. The islands sit splintered over 100,000 square miles of strikingly blue sea on a bank of blinding white sand.

Cat Island is one of the distant and dozy Bahamian out islands, or the "Family Islands" as they are also known. For all the sand, they are barely developed (it is only Nassau and the islands closer to the US that have been built up). The places to stay on Cat Island can be counted on one hand and there is a natural West Indian charm that is lost to most Caribbean islands nowadays.

I flew in by pint-sized aircraft and then bounced along the gravel road to Fernandez Bay Village in a latterday Bahamian sedan; a deck chair in the back of a rickety old pick-up. In seconds I was down on the beach, luxuriating in the last of the day's sun.



Compass Point in Nassau - one of the few more developed islands

James Henderson



Orange Creek on Cat Island: a dozy, distant former refuge for pirates

James Henderson

To twist an old and over-used expression: a word is worth a thousand pictures. When you are choosing a hotel in the Caribbean that is, or deciding which island to go to, the word of a person whose opinion you trust can be more convincing than a whole ream of glossy brochure pictures.

crashed in the shallow water, strong enough to body-surf for 20 yards. Backed by a sandy bluff, on which all the houses and hotels hide from the winds in their luxurious gardens, Pink Sands beach is three miles long and there is barely anyone on it. The islands themselves are also very different. Harbour Island has had a lively local community for centuries. Eleuthera was the first island in the Bahamas to be settled by the company of Eleutherian Adventurers, who also came for religious

peace of mind, escaping persecution in Bermuda. Its offshoot Harbour Island is small and pretty, with timber-frame houses set in neat gardens. A theme of pastel pink and green runs through the island's shutters and window frames. It is a friendly place, and in true West Indian tradition, the islanders wave and say hello to anyone they meet, whether they know them or not. Back to the beach, it was not all studied inactivity. I discovered a curious fact about beaches. I was out

The Grenadines
Sleepy solitude to star-studded luxury

For years the islands of the Caribbean presented a settled, affluent holidaymakers lounging on white sand alongside a breathless aquamarine sea. No longer. The calm has been disturbed, first by increasingly unsettled weather, not just hurricanes, but rain in the traditionally dry winters and arid spells in what should be wet summers; second by packaged tourists, attracted by self-contained resorts which are so inclusive that they throw in free drinks.

To meet a twin challenge, the more exclusive hotels are re-defining themselves, appealing to special interest groups and offering their guests that rare commodity, solitude. It is now quite possible to swing in your hammock on a secluded beach, with the only passers-by scuba divers seeking the next under-water experience, and brides in white finery on their way to a new husband.

Anse Chastenot, on the island of St Lucia, suits both types of guests admirably. The road to the resort from Soufriere, a sleepy, ramshackle fishing town, is kept deliberately tortuous and bumpy to deter casual visitors to one of the better beaches on an island notoriously bereft of beach. Once you arrive you receive another jolt - the 48 rooms climbing the hillside, widely divided by deep undergrowth, are idiosyncratic. The owner, Nick Troubetzkoy, is an architect, his wife, Karolin, a patron of art, and guests at Anse Chastenot are not allowed to forget it.

The resort is built around local crafts in wood and textiles, decorated with contemporary European paintings. The enormous rooms are bubbles of conceptual art, luxuriating in nature. In one of the smartest, a tree grows through the shower, and the division between rooms and outside balconies is often illusory. Favourite guests are given the best view in St Lucia, towards the nearby Pitons. The two sugar loaf peaks which give the island its character. This primitive luxury - no phones, no television, no air conditioning - is fine for newlyweds, while the scuba divers are too busy fathoming the adjacent reefs to notice their surroundings. The foot-loose uncommitted

tourists have a beach of black sand and the gutsy realism of Soufriere, the St amuse them: Castries, the St Lucian capital, is a bumpy hour away by speed boat. Creating escapism value is a precarious business, but the Troubetzkoy's are expanding into the next top of the mountain. You probably need imagination to get the most out of Anse Chastenot but it is certainly light years away from the populist Caribbean resorts such as nearby Sandals. St Lucia is nicely balanced between a tourist strip of hotels in the north; tentative developments in the south; and a jungly mountainous interior. Compared to nearby St Vincent it is the epitome of sophistication. St Vincent, at least on the days when

St Vincent is the Big Daddy of the Grenadines, a string of islands drifting down towards South America, which are still the preserve of visiting yachtsmen and determined escapists, and resistant, so far, to the package tour. Just five minutes from St Vincent by four-seater air taxi is Bequia, which is about as laid back as the Caribbean gets. A road skirts the island giving access to a necklace of beautiful beaches, but if you are forced to share your stretch of sand it is almost certainly with the crew of a passing yacht.

In the evening, the bars and restaurants in the tiny village of Port Elizabeth are packed with boat people anxious to pound the earth to the music of the inevitable steel bands, before casting off in their dinghies towards their particular light in the still darkness. For the few land-based visitors there is a pleasant stroll back beside the sea to Plantation House, an expanding hotel which is grand in its cuisine but rustic in its lodging. If you visit Bequia in March you might just get some excitement. The island is still allowed to practise its former livelihood of whaling, but under strict controls. If a whale is spotted, hunted down, and dragged ashore there is a big party. It happens about once a year.

Close to Bequia is Mustique, haunt of the very rich, where Mick Jagger, David Bowie, and Raquel Welch own villas. You can rent a fully staffed home from a star, who are infrequent visitors; you may have to, for the only private hotel on Mustique, the Cotton House, is reported to have been acquired by the Mustique Company, which represents all the property owners on the island. However, there is nothing to stop you hiring a boat in Bequia and sailing over for a refresher at Basil's bar. In this part of the Caribbean hurricanes hardly happen and lotus eaters have the world to themselves. Antony Thorncroft travelled to the Grenadines courtesy of Silk Cut Travel (01780-230370). Silk Cut Travel's Small Hotels of Character programme offers single-centre holidays at Anse Chastenot, St Lucia, and island hopping to the Grenadines.

Antony Thorncroft

'Where To Go' Guide
Variety is the spice of Caribbean life

Most of these companies also publish customer newsletters detailing developments in hotels and special deals. I made a few phone calls to the top Caribbean specialist tour operators (Caribbean Connection, Elegant Resorts of the Caribbean, Caribours, Simply Caribbean and Harlequin Worldwide) and was generally impressed with the level of knowledge. I rang out of the blue, apparently a mid-thirties, moneyed male, travelling with girlfriend and was carefully steered away from the formal, swanky resorts which cater mid-season for a more senior clientele. They described the atmosphere of the hotels well. I got the impression that a number of hotels mentioned were favoured by that particular company or were simply the ones being pushed that week, but all the operators came up with sensible, if safe, solutions. If you do have certain requirements, all these companies are happy to tailor-make an itinerary; many offer two-centre holidays anyway. The specialists are also offering Concordia to Barbados on its once or twice weekly trips for the coming winter season. The traditional and family eccentric exclusivity of Caribbean hotels from the post-war era has now almost entirely disappeared - only a couple of hotels require dinner jacket dress. And so with the less exclusive tour operators. It is now possible to book the top hotels through BA Holidays, Kuoni and Thomas Cook. These companies also have tailor-made departments. If you know exactly what you want then you can usually get a saving by booking through them, but they do not have the depth of knowledge of the specialists. The Caribbean seems to be a growing area and a number of companies have expanded into the islands this year. Skiing specialist Powder Byrne has published a brochure covering a small number of top properties; as has European specialist Expressions, whose Caribbean Expressions brochure offers a broad range of mid to top hotels. If you would prefer

(01733-330300); Powder Byrne (0181-871 3300); Caribbean Expressions (0171-431 2131); Caribbean Chapters (0171-722 0722); Owners' Syndicate (0181-767 7926); West-ern and Oriental (0171-321 8577); Trans-Atlantic Wings (0171-602 4021); Carib Inns (for information call 01453-835801); Valigo (tel 01706-212333). Caribbean user groups: rec.travel.Caribbean and rec.travel.marketplace. James Henderson is the author of the Cadoagan Guides to the Caribbean. His guide to Jamaica and the Cayman Islands has just been published, price £10.99.

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Mani for mod thin

Squalor a mischie



BOOKS

Manifesto for the modern thinker

Christian Tyler admires a work which casts post-modern scepticism aside

The not-so-shy Professor Scruton last week opened his heart to a daily newspaper about his impending marriage to Sophie Jeffrey, a young woman less than half his age.

One immediately wondered whether this latest book, its title reminiscent of George Bernard Shaw's The Intelligent Woman's Guide to Socialism and Capitalism, was not an attempt to explain to Sophie exactly what it is the professor does for a living.

Yet there is nothing patronising here, no talking down, and Scruton's title proves quite misleading. For what he has written is a summary of his own philosophical principles - his philosophy of life, indeed - and a manifesto for modern thinkers.

Books by professional philosophers, which Scruton most certainly is, do not commonly carry chapters called "Sex", "Music" and "History". From the outset the author makes it plain he is going to detonate the deterministic accounts of human nature and human action - the anthropomorphised "selfish gene" school of thought of pop science best-sellers - which pass for understanding these days.

Scruton unfashionably declares in chapter one that the Cartesian method of strenuous doubt is no longer appropriate. The world has become "rotted by scepticism" and philosophy's pur-

pose now must be "to help us, even indirectly, to live wisely and well." It must resurrect the human person from trivialising science, and "replace the sarcasm which says that we are mere animals with the irony which sees that we are not."

Before getting down to the business of rescuing mankind from objecthood, Scruton prepares the ground with virtuoso summaries of difficult traditional topics: the meaning of causation; Frege's truth-table logic and Kant's synthetic a priori truths; free will; personal

identity; and the transcendental perspective epitomised by the concept of God.

It is no surprise to find this author reintroducing the Roman ideas of pietas and virtus along with notions of the sacred, of fidelity and chastity. He is a thoroughgoing enemy of utilitarianism because the doctrine cannot satisfy his account of human rights and duties. "The real problem that confronts us is not that of justifying moral judgements," he writes, "but of justifying the concepts on which they depend."

His excursion into sex - a subject Scruton has written a whole book about - is morally sound (people may not be treated as objects) but philosophically dull and his chapter on music, where he finds in the timelessness of



Sur La Tour Eiffel, 1939: Lisa Fonnagrives gives a new meaning to the word super-model as she sports a Lucien Lelong neo-Victorian silk dress high above the Paris skyline. Taken from "Paris: Artistic Life in the Twenties and Thirties" by Carol Mann. Published by Laurence King, £24.95.

Trauma and tribulation

MIND READINGS edited by Sara Dunn, Blake Morrison and Michèle Roberts

schizophrenic friend by Salman Rushdie (1994), an extract from Alan Bennett's wonderful Lady in the Van, which has been published in several versions and no doubt will finish up on stage, Martin Amis (1981), Andrew Motion (1991), Sheila MacLeod (1981).

As an anthology of illness and despair, it ought to be noticed, although no "theme" emerges. Much of the writing is memorable and the fact that we may be familiar with some of it does not lessen the value of bringing it together. The "new" pieces include honest and moving writing by people like Maureen Freely (about a schizophrenic

brother), Elizabeth Young on her observations of a heroin addict, Esther Benabou's indictment of psychiatric hospitals, Mary London, quietly, on a writer's breakdown, a typical Adam Phillips essay, Margaret Drabble and Melvyn Bragg revealing childhood traumas, and Ludovic Kennedy discovering that his analyst had gone to sleep - "it is a wonder to me that any of them manage to stay awake at all".

missed by slapping on a cheap label. This is a difficult, invigorating and compelling essay. If the fox-hunting professor sometimes likes to tease, it is certainly not when he is writing philosophy.

Mind, the mental health charity, is 50 years old, and in celebration Mind Readings is a collection of writing which "takes a fresh look at aspects of our mental and emotional life..." These solicited pieces, explain the editors, could be autobiographical or not, about experiences commonly shared or not, negotiable or not, prose or poetry, published or new...

Squalor and mischief

With biography, you must either love your subjects or hate them. Elizabeth Norman McKay, who clearly loves her subject to death, is first on the bicentennial bandwagon with Franz Schubert: A Biography. Her original intention was to write about

FRANZ SCHUBERT: A BIOGRAPHY by Elizabeth Norman McKay Oxford University Press £25, 362 pages

CONVERSATIONS WITH MADEIRAINE MILHAUD by Roger Nichols Faber £9.99, 111 pages

Schubert the man, but her own inclination sensibly prompted her to write the book in more musical fashion - at least, to put more emphasis on Schubert's life as a composer, and "the importance of his music in his life."



Schubert: more to him than mere Beidermeyer charm

leine Milhaud, transcriptions of a week-long conversation between her and Roger Nichols in her Montmartre apartment in 1991 - is no Cosma.

Why, spy and witty at the age of 94, she peppers her conversation with aperçus which surprise and enchant. ("Have you ever realized that [Walter's] Façade is an ancestor of rap?", she asks Nichols at one point). Her reminiscences about her life with her husband are brimful of character, and characters: the whole of musical, social and cultural Paris is there. The much-travelled Milhauds encountered a drunken Glazunov and a crimpily shy 18-year-old

Short Stories/Brian Martin

Bizarre beneath the surface

Uomo." In the words of his own friend, Eddie, "no sweat."

AFTER RAIN by William Trevor Viking £16, 224 pages

SELECTED STORIES by Alice Munro Chatto and Windus £16.99, 412 pages

THE LADY WITH THE LAPTOP by Chive Sinclair Picador £12.99, 183 pages

Dublin, Galligan's soubriquet an "expression of scorn on the part of a Christian Brother." Yet "Lost Ground" belongs firmly to County Armagh, the Protestant North and sectarian violence: an adolescent boy who thinks a female saint has kissed him cannot survive among "hard-man volunteers" recruited from the butchers of Belfast.

Josef Brodsky described poetry as the most concise way of conveying human experience. The short story is next on the scale, and both William Trevor in his new collection, After Rain and Alice Munro in her retrospective selected stories, show this. They both write about ordinary life but detect what is extraordinary and bizarre beneath the surface.

Trevor is the most economical of writers, a close observer of humanity, and a practised ironist. He notes in "A Bit of Business", which combines the Pope's visit to Ireland and petty theft in the Dublin suburbs, that on that particular Saturday, "The people who had been robbed returned to their houses and counted the cost of the Pope's blessing."

He never states explicitly that the Timothy of "Timothy's Birthday" is homosexual, but without doubt he is. Timothy laid out the corpse of his patron and admirer, Mr Kinally, "shaved the dead face himself... He sprayed a little Krizia

Rereadings/Nigel Andrews

A chaos we should celebrate

When my editor put the offer on the table "Write about your favourite book" - I was caught in two minds between two writers. I didn't delve into either Laurence Sterne or Joseph Conrad until my late teens, yet both were revelations.

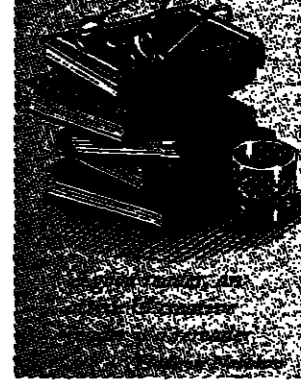
Tristram Shandy was about a family that couldn't get its head together, yet fretted unforgettably, about sex, time, family relationships and the meaning of life. Lord Jim, the most bewitching of Conrad's novels, was about a man striving to make up for one traumatic failure of nerve and honour.

Both novels end in defeat. But while Lord Jim orchestrates the dark horror of the jungle to articulate its hero's despair, Tristram Shandy winds itself down - just like that unfortunate clock in chapter one - into a daring, irresistible epic of inconsequence. The book mocks the whole idea of art as a finished or definitive product.

It ends with an unanswered question, just as it begins with one. Sterne is a writer who was postmodern 200 years before modernism. Look at Tristram Shandy and you realise that literary fiction used up all its experiments in one 600-page opus. The book chaps about between time levels, quotes from fake authors, plays with typography, and has one-sentence chapters, no-sentence chapters and chapters that end in mid-sentence. As for "plot", there is virtually none at all.

early mention so disastrously interrupts the hero's father-to-be while in full flow, so to speak, in the bedroom. Almost every character suffers from some form of arrested fruition, though each is drawn with his own enchanting waywardness. There is "My Uncle Toby", with his mysterious war wound in an intimate place. There is Dr Slop, the obstructive and obstructed obstetrician. There is the hero's mother who cannot complete a thought. And there is Tristram himself, aka the author, who realises that art itself is a matter of fudgings and foolings, and that when in doubt you must stick in a blank page, a black page or a marble page - "motley emblem of my work."

(A friend and I once staged a live continuous reading of



Tristram Shandy, with 30 relay participants, at Sterne's and our alma mater, Jesus College Cambridge. It involved much jiggery-pokery with lights to represent the book's more eccentric wordless pages.

The greatest treasure in my possession today - and burglars, I do not keep it at home - is a nine-volume first edition of Tristram Shandy, once given me by another, over-generous friend. Three of the volumes are signed "L. Sterne," in a sober italic hand that might suggest Sterne the vicar, which he was, rather than Sterne the puckish author. But of course the great message of this book is no one is anything that you can define with a single label.

The one compass point on which Sterne and Conrad could stand close together is that of beautiful nihilism. The more a person frets and obsesses about self-definition and self-justification, the more likely he is to be swallowed up by that chaotic flux we call life: a chaos we should celebrate not mourn, since while there is unrelenting there is life, and there is "hopelessness" there is hope.

plagiarism in "La Fiestas de Navidad" is reminiscent of Henry - Maier's - tribute against the Norman French. He loves to pun: "If bile were a convertible currency, I would long since have been a billionaire"; and since the use of chewing-gum increases in times of tension, "we are all but the playthings of gum-toting capitalists." But his editor's sanction of "permissible" and "corruptable" is no joke.

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Michael Pollard



ARTS



Keen to raise the profile of designers: Christopher Frayling in Ford's latest model, the KA, designed by ex-Royal College of Art student Chris Svensson

# Designs on the RCA

Antony Thornicroft talks to the new Rector of the college, Christopher Frayling

It is rare these days for an insider to get the job of heading one of the nation's great cultural institutions. But the Royal College of Art, the UK's paramount centre for art and design, this summer looked to its own, and appointed its Pro-Rector, Professor Christopher Frayling, to take over as Rector from Anthony Jones, who returned to the US after a brief spot at the helm. Jones had the task of calming the RCA's nerve after the battering it received from his revolutionary predecessor, Sir Jocelyn Stevens. Now it looks as if there will be a return to non-stop action from Frayling, a cultural guru whose life stretches seamlessly between the worlds of television, publishing and academia. The 50-odd RCA staff are being forced to confront the future. "We are a pragmatic place, not good at planning," says Frayling. "I've set up committees which within the next year must decide on things to do - or not do." If these committees plump for action the RCA will soon become a very different organisation. Perhaps Frayling's most dramatic idea is to move the RCA's fine art students, about 150 of the total intake of 800, out of the Kensington

HQ and into their own premises, ideally on Bankside alongside the new Tate Gallery of Modern Art. The sculpture students were decanted to Battersea in the 1980s and seem to thrive in exile. Frayling believes, with airy confidence, that the £10m cost of the project will be met by a grateful sponsor, anxious to lead its name to an institution which has spawned many of the great British artists of the 20th century, from Barbara Hepworth and Henry Moore to Gavin Turk via David Hockney. Frayling knows the drawback - the move will deprive the designers in the RCA from immediate contact with artists - but the students may well prefer the big open spaces of some disused factory site down by the river. Frayling also has a committee working on another possible change - whether the photography students might not be happier switching out of the fine art department and into a communications, graphics, even advertising led, environment. The design role of the RCA is close to Frayling's heart. "Seventy per cent of what we do here is design". It is one of the inconsistencies of history that a college set up in the 19th century to reinforce the UK's dominance in

the industrial revolution with the most advanced design skills should be called the Royal College of Art. For some years now serious consideration has been given to changing the name to the Royal College of Design, and Frayling seems keen to continue to push the RCA in this direction. Another of his committees 'It is a question of how to get into bed with industry, not whether' is examining the creation of a new media laboratory. "We are not good at new technology here". But the RCA knows that the closest possible links with business are the key to its future. "It is a question of how to get into bed with industry, not whether." For, despite its eminence, government funding of the RCA has been remorselessly cut. The hunt is on to build up business support, both in design commissions, and in scholarships to help fund students. Frayling admits that the quality of applicant to the RCA has fallen in

recent years because many British students cannot find funding. They also arrive "broader, but less deep, so the first term is now remedial". As a result the proportion of overseas students accepted by the RCA has risen to 30 per cent. Frayling denies that the quality of the intake has been diluted but he is pushing hard for 100 business-financed scholarships by the millennium to ensure that the RCA maintains standards. Frayling is moving fast because there is danger on the horizon - the Dearing inquiry into higher education. Money-saving educationists are all the rage, and the 40 art colleges that once peppered the land have now been rationalised down to just eight that remain autonomous. He is determined that the RCA - "too small, too expensive, too specialised" - should not suffer a shotgun marriage. Its best defence is its ability to serve value for money and to service industry. It is the RCA that is pioneering Design Age, helping Marks & Spencer come up with fashions to tempt the rising numbers of older people, and Safeway on how to streamline supermarkets to suit the ageing shopper. It is the RCA which is the world's leading training ground for car designers, with half the

current student intake financed by Japanese and Korean car manufacturers. Chris Svensson, the designer of Ka, the latest model from Ford, went through the car design course, and Frayling is keen to raise the profile of designers of consumer products who trained at the RCA to at least the level of the fashion designers (Ossie Clark, Xandra Rhodes, Bill Gibb) who were students there. Frayling also wants to push the RCA towards more "blue skies" research. "We handle artistic developments and industrial developments but not social developments." The social implication of design is a more nebulous concept but as companies accept their responsibilities towards the environment it is good timing for the RCA to get involved in such issues. "I want an RCA with attitude, with a stronger emphasis on the social implications of what we are doing." But while Frayling's committees wrestle with such thoughts he is offering at least one sop to traditional artists. It was the RCA in the 1930s which re-introduced, at the request of students, drawing classes to an art college. It is now considering offering a full-time course in drawing, a good example of the shock of the old.

# Ballet/Clement Crisp Rhapsody in Paris

Frederick Ashton's choreography, which is, after all, one of our national treasures, is hardly known in France. The Ballet de Nice showed two of his ballets last year in sound presentations, and a decade ago the Monte Carlo Ballet mounted *Les Deux Pigeons*. But Ashton remains a name rather than a fact to the dance-sophisticated Paris public, aware of every least twitch by Béjart or William Forsythe but largely in the dark about the creativity of a master who was Rhapsophile through and through. Now *Rhapsody* has entered the repertoire of the Opéra Ballet, grandly cast, grandly danced, and - so the ovation last week at the Palais Garnier suggested - grandly welcomed. It formed part of a triple bill which said tribute to another founding father of our century's ballet, Serge Lifar, showing his *Suite en blanc* and his *Défilé* to mark the tenth anniversary of his death, and also included Agnes de Mille's *Fall River Legend*. (This last looking out-classed - an axe-murderess at a *Cours d'élégance*.)

The programme (which repeats mid-November) begins with that declaration of pride, historic lineage and sheer force of numbers, the *Défilé*. From the far depths of the Foyer de la danse come the young students, then the ranks of the company, led by - culminating bliss - the *étolés*, the women followed by the men, the solemn measures of the *Trois* march broken by *chœurs*. They are, it goes without saying, all beautiful, gifted, glorious, and all conscious of three centuries of their history. Lifar produced this *défilé* in 1945. He had saved the ballet during the years of the Occupation; for the new age that was beginning he could present to the nation a great company. Part of his war-time labours had been the staging of *Suite en blanc*, a hymn to the developed neo-classic style he had shaped. It is a *feu de joie* of technical precision, but its particular fascination lies in the Lifarian style, which was heroic, opening out from the tight Franco-Italian manner he had inherited, and - to my eyes - vividly imagined in its sense of classic shape. My one reproach about the present revival is that Lifar's intensely individual poses are losing something of their pungency and period value. Style is all in ballet, and certainty of the variations - sanctified for me by such interpreters as Chauviré, Vyrubova, Alagoroff and Lifar himself - are too bland. The music (from Lalo's glorious *Namouna*) is full of character. So, in the 1940s and '50s

were the dances: only Aurélie Dupont and Fanny Gaïda seemed to me to understand the subtle colours of their solos. But it is a wonderful ballet, dazzlingly done by the ensemble (the men have a taxing time and sail blithely through everything; watching it is rather like having just enough champagne - and then half a glass more to confirm the good impression made by the vintage. *Rhapsody* ended the evening. It is given in the Patrick Caulfield designs - imposing on the Garnier stage but still too bombastic for the choreography - and looked, at this fourth performance, very good indeed. There are some nuances missing - the sextet of girls do not quite understand Ashton's lyricism; they treat the dance too formally, as if in class - but the six boys soar and cut through their steps like swallows on a summer's day, and are wonderful. The appearance of Elisabeth Platel and Jose Martinez, both making their debuts in the leading roles, was impeccable, heart-stirring. Martinez, tall and elegant, is not an obvious inheritor of the role made for Baryshnikov but sets out every run and glissando and leap and curvetting move with a daring ease. I thought him superb. Platel was glorious in the role made for Lesley Collier. In this high summer of her art, she treats the choreography with affection, wit, and the brightest feet. She brings exactly the chic



Dancing of rarest worth: Elisabeth Platel in 'Rhapsody'

Between 78s and CDs, shorter classical pieces went rather out of favour. Record companies no longer pressed the likes of Stravinsky and Bartók to compose pieces that would fit on a 12-inch 78; suddenly, with LPs, one didn't need to keep getting up and turning over. That luxury was half of

the attraction of LPs: whole symphonies and operas became conveniently accessible, and began to crowd out the briefer works.

## Record Review/David Murray Virtuoso bits and pieces

Besides, finding a short piece in an LP collection was fiddly, often resulting in irremediable scratches. Now that CDs offer instantly locatable tracks, however, collections are a more attractive proposition. Here are some recent finds. The Israeli pianist Gilad Mishory has recorded all Janáček's music with piano on three CDs. The main solo works - all in short movements - are on Tudor 780, with minor ones spilling over onto Tudor 772 with the ensemble pieces (the late *Capriccio* for left hand and *Concertino*), and onto Tudor 7003 after the duos with violin and cello: a rich haul, very well played and reproduced. Mishory's pianism, energetic but searching and meticulous, is a tonic in all these pieces. It Rudolf Firkušný's performances on old LPs suggested deeper folk roots, Mishory's cooler "artistic" approach carries pure musical conviction, and his partners are excellent too: soloists from the Bavarian Radio Symphony, and especially the violinist Saschko Gawriloff.

Not long ago, the Barbican's Hindemith festival included several of his concise chamber concerti, the *Kammermusik* he composed between 1922 and 1930. It was exciting to rediscover the younger Hindemith's racy humour and iconoclasm, before his monumental phase. All seven of them are played with fervour, verve by Markus Stenz and the Ensemble Modern on RCA Victor Red Seal 09026 61180 2. The Ensemble Modern - conducted this time by Ingo Metzmacher - is as jazzy and exhilarating in 11 of them as one could wish. Their virtuosity often matches the inhuman brilliance of the original player-pianos, but their high-spirited attack is full of good humour. The CD also includes some very early and some recent Nancarrow. Eminently worth getting to know; and remember that the austerer player-piano versions are still available on Wergo CDs. For devotees of the late Toru Takemitsu, and for others too, there are lovely performances of four of his ensemble pieces with clarinet on RCA Victor Red Seal 09026 62837 2: *Fantasma/Contra Water-Ways, Waves and Quatrain II*. The superlative

clarinetist is Richard Stoitzman, variously joined by the BBC Welsh Symphony, the Tasht ensemble and others. This gentle music is often more personal, and I think more rewardingly original, than his popular neo-impressionist music for orchestra. Finally, a remarkable collection from the pianist Peter Serkin: short solo pieces and suites written expressly for him by seven different composers. One is Peter Lieberman, a close friend, with three sets which track his "romantic" retrenchment. The others are Oliver Knussen (an intricate variation-set), Alexander Goehr (... in real time, neo-baroque tautly imagined), Berio, Henze, Leon Kirchner and Takemitsu again. The acute sympathy of Serkin's playing is no less remarkable than the range of piano-writing on display. For anyone who loves the piano, it is reassuring to hear how well and freshly it can still be explored.

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ARTS

**T**his year has seen a succession of magnificent exhibitions of drawings, ancient and modern, and why not? Drawing is the essential practice of the painter that, in defiance of particular age, school or culture, brings together artists across the centuries, as they address the first and eternal problem of who it is they are, and what it is they do. Above all else, it is a practical business of looking and understanding; of making sense of the real and visible world; of recording information; of registering the mark made for what it is. It is about being alive and sentient and never truly, at least in the first place, about making Art.

The artist is intrigued by the fold of a piece of cloth, the turn of a foot, the fall of a shadow across a face. He may employ merely a few deft strokes of pen or brush. He may change his mind, rework, redraw, rub out. He may, by contrast, become so engrossed in what he is doing as to work it through to a finished and independent state. He may embellish, exaggerate, satirise, invent. It is all drawing.

And so when we come to a collection such as this, of these old, flimsy, at some time convenient and useful scraps of paper that somehow have survived over the years, it is not really the differences between them that should excite us, but the similarities and common purpose.

The drawings now at the Royal Academy's Sackler Galleries have been put together by the New York collector and sometime dealer, Eugene Thaw, over the past 30 years or so. They range over rather more than 500 years, from the 15th century to beyond Picasso, in fact, to Jackson Pollock, with a variety of character to match. Indeed only their individual quality and interest, sheet by sheet, unites them. In declaring that "one of the chief collecting traits that applies to me is that of aesthetic response", Thaw says as much himself.

These are wonderful things, at which it must seem churlish to carp; but to find them hung by a conventional academic chronology is a shade disappointing. It could all have been so much more open, speculative, imaginative and to Thaw's own point. The connections and cross-references simply cry out across the rooms, as across the years, to be tested and indulged.

Here is Fantin-Latour's tiny, delicate study of Rimbaud (1872), mop-haired and hand on chin, while round the corner and out of sight is the tiny, delicate study of a



Artists over five centuries get down to the practical business of looking and understanding: "Seated Dancer", 1872 by Degas

## Wonderful collection, shame about the hang

William Packer reviews the 'From Mantegna to Picasso' drawings

boy, mop-batted and hand on chin, by van den Eeckhout (mid-16th century). And would it not have been fun to put together the delightful social comedies of Gian-Domenico Tiepolo, with poor Pulcinello on his death-bed, with an ass of a doctor in attendance (1790s), alongside the legal satires of Daumier? Would it not have been useful to put the figures of the great Gian-Battista Tiepolo with those of Goya and Rembrandt? What about the

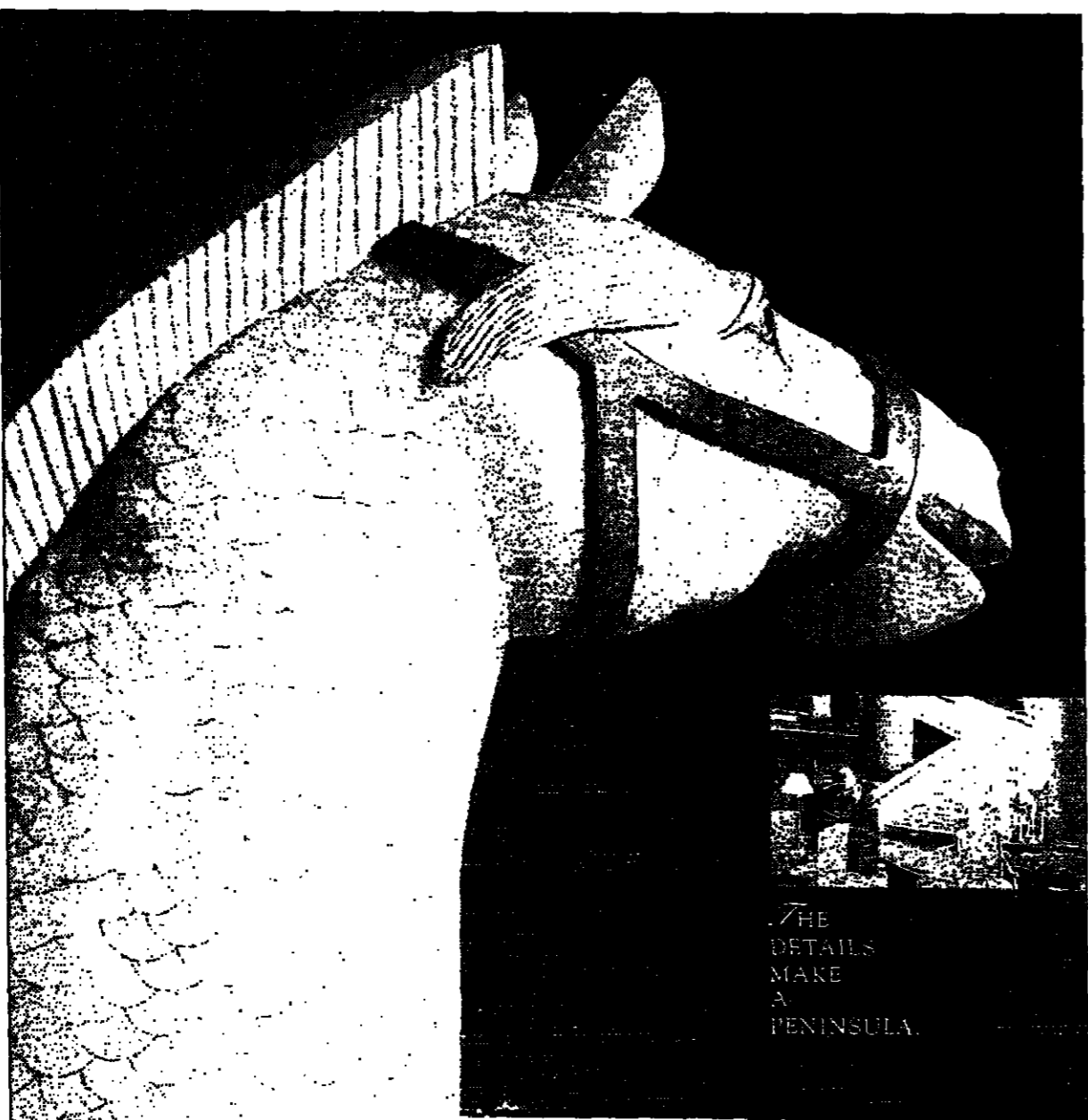
Cranaach portrait with the Picasso; the bearded men by Beham and Van Dyck with Fragonard's girl from Naples; Degas with Watteau and Delacroix; Giacometti with Cézanne; Sanredaz, Canaletto and Pannini with Piranesi; Laurens with Pollock; Degas with Boilly; Claude, Guardi and Turner with Cézanne; Rubens and Rembrandt with Mantegna? The permutations are endless.

course, but a measure of enthusiasm, for it would no less churlish not to recognise that even as it is, this is a most remarkable show. Almost every item is one to savour; and always we come back to the surface, and to the mark made as though it were yesterday. Rembrandt's Pharos's Daughter stands on the river-bank, hands on hips, so modern in the informality of her surprise. "Well I never", she seems to say. Degas's pretty singer, her

black hair tied in a pink bow, leans gently forward to her rapt audience. Watteau's young model, deliciously detachable, curls up negligently on the floor. It is all one.

The Giacometti retrospective, that I reviewed at length when it was at the Scottish National Gallery of Modern Art in Edinburgh in the summer, remains at the Academy until the end of the year. It is at once the most comprehensive and accessible study of the artist hitherto, making clear for the first time the parity of importance of the painting with the sculpture. All travelling shows inevitably change in character and emphasis with each move, - new walls and spaces, new arrangements. Here the lovely natural light of Edinburgh has been lost for a change. The early work, both painting and sculpture, in the first gallery, is the particular gain in this respect. A second visit is well worth while.

From Mantegna to Picasso - Drawings from the Thaw Collection at the Pierpont Morgan Library, New York; Royal Academy, Piccadilly W1, until January 23. Alberto Giacometti: Royal Academy until January 1; sponsored by Goldman Sachs.



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## Television/Christopher Dunkley Rich diet of verité

**T**here is an interesting, some might say sad, discrepancy between the development of fact and fiction programmes. Television drama sits today on the same plateau it has inhabited for a decade and more. Every now and then the BBC comes up with an excellent costume serial adapted from a famous book such as *Fride And Prejudice*. Tomorrow at 7pm BBC1 begins a six-part dramatisation of Mark Twain's *The Prince And The Pauper* with Keith Michell - 26 years on from *The Six Wives Of Henry VIII* - strapping on the padding to play the king again. On Sunday next week BBC1 begins a three-part adaptation of Anne Brontë's *The Tenant Of Wildfell Hall*. Occasionally Channel 4 or BBC2 puts money into a film which proves a big enough draw to be shown not only on television but in cinemas, though the ratio of success to failure in this area is unimpressive.

But mainly it is a matter of contemporary formulae series drama, extruded from the machine like any other plastic artefact, each example, whether about the police or doctors, indistinguishable from those going before and coming after. Happily the same is not true of factual programmes. Documentaries go from strength to strength, and not only do styles vary according to what is being attempted, but the content changes as technology advances. For instance it would have been difficult to make *Soho Stories*, now showing on BBC2, before the development of small video cameras capable of working in poor light.

Two documentaries this weekend neatly symbolise the diversity in factual programmes currently available. Tonight's *Video Diaries* at 12.15 on BBC2 is subtitled "Show Boys - The Naked Truth" and the reason it is being transmitted after midnight is that it is one of the most sexually explicit programmes ever shown on British television. Do not watch if you are likely to be offended at learning what a male stripper uses to sustain an erection on stage. (His mother is not so much offended as worried; if he is not very careful it will drop off, she warns him.) Tomorrow's *Everyman* on BBC1 switches to the opposite side of the employment spectrum to show how the Church of England sets about selecting a new vicar for Kensal Rise in west London.

*Video Diaries* exemplifies the explosion which has occurred in the last five or six years as progress in cameras has made it possible for almost anyone to produce footage of broadcast quality. At its most tedious this has meant those awful programmes in which bridesmaids trip over their dresses, children fall into ponds, and family pets are forced to wear drag. At its best it has meant the sort of gem created by *Video Diaries* when it gave a camera to an Albanian doctor. He turned in a type of programme which simply could not have been made by a conventional film crew. Much the same is true of today's record of the life of Justin Richards who strips for hen nights, gay clubs, and even for a story cobbled up by *Sunday Sport*.

He carries his camera around to the cramped dressing rooms and boozey disco parties where he struts his stuff, but also to the hunt he likes to follow on foot near his parents' home in Wales. And he talks to the camera in his car about "Miss X" actually by his own admission Mrs X) with whom he is having an affair, and on his trips to Jersey, Paris and Vienna. The most revealing aspect of all this is the crude nature of the supposedly erotic entertainment on offer today. It makes the nightclubs of pre-war Berlin look astoundingly subtle and sophisticated.

Moving from the sinners to the saints, the most revealing aspect of *Everyman's* "Vicar" is the elaborate nature of the process by which a new man is appointed. The Church of England may be in turmoil, losing adherents fast, short of money after its disastrous activities in property, ridiculed for its readiness to cut its theological cloth to suit modern sociological shibboleths yet it still carries on like some forgotten corner of the British Empire.

Interviews for the new vicar are held in a place that looks like a vicar's palace. We see the interviewees only briefly, but most of them seem extraordinarily impressive given that the job they are competing for pays only £14,000 plus a house which, at the end of the day, they will not own - as the hasty departure of the widow of the previous incumbent so starkly illustrates.

This sort of programme - with the cameras present at interviews, committee meetings, "private" visits by the hopefuls and their wives to the vicarage, and so on - now looks unremarkable. But that is only because of the rich diet of verité documentaries provided by television in recent years. It would be hard to find two more contrasting subjects covered in more contrasting ways.

If only television drama could provide a range half as rich.

## Radio Arbiters of taste

relation between the thesp, his space and his public (it sounds like the title of a Peter Greenaway film). *Kaleidoscope* slips down smoothly, blandly, within an inch of becoming the *Reader's Digest* of radio arts programmes, though that dubious privilege goes to Radio 2's culture coverage.

Mark Antony's "So are they all honourable men..." speech over Caesar's corpse found an echo in Peter Day's concerned fumbling for the pulse of the English pub. Sunday's *In Business* met some of those responsible for the rash of theme-chains (Irish pubs, the "pitcher and piano", and so on) that are replacing the traditional water-holes. While not an overly enthusiastic patron of the trad version (smelly, uncomfortable and contrary to popular belief unfriendly), I lament the passing of a few individual boozers, now redesigned into glorified pick-up joints or city whizz-kids' playrooms. An example is the London pub where the Goons originally evolved their comedy, now vanished, with its collection of Gooniana, under a sea of fake Irishry. Big chains are dangerous; they limit the choice which has allegedly been the driving force behind so much change in the last 17 years. Yet the tycoons

responsible were civilised, sympathetic and plausible, and yes, their design water-holes have comfort and sociability in mind. But uniformity as well?

I hate to harp on a much-treated subject but *The Archers* is of national importance. The present regime's apparent death wish (expiry from screaming boredom) seems to have been replaced by desperate recourse to issues (bitter words about BSE, just when we thought the Ambridge farming community had been miraculously spared) and *Tragedy* (the Grundy barn burning down). The latter was sabotaged by the worst acting, from Master William Grundy, ever foisted on the public in the stilted wooden history of juvenile performers. The programme's panic is palpable; amateurishly written, desparingly acted and hardly produced (are they indoors or out? In a car or the kitchen? The once much-derided birdsong sound effects are presumably coded but too dear.)

Never mind. The wonderful Charlotte Green, corrupted by the frivolities of *The News Quiz*, now adds an inescapable frisson of incredulity to the news she reads. Wednesday's midnight bulletin on Radio 4 found her barely registering at the Treasury's research (why the Treasury?) that Britain's potential voters not bothering to register amounted to twice the adult population of Surrey. Why Surrey? And retelling the government's intended moves on "the welfare of turkeys", the great Green's voice reassured us that even if God was no longer in his heaven John Major was still in Downing Street.

Martin Hoyle

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James Morgan

# Beautiful bride turns useless appendage

## The hasty marriage of the two Germanys is now haunted by a seven-year itch

Seven years ago today the Berlin Wall came down and there began a short process whereby the German Democratic Republic was consigned to the dustbin of history, in the phrase so lovingly used by its erstwhile leaders. That dustbin continues to cast a pall over western Germany and yet memories are fading in the territory of the extinct state. In October, a TV station interviewed boys from the old East Germany. One session went like this: "How old are you?" "Thirteen." "Do you know what GDR means?" "German Democratic

Republic?" "And what is it?" "Something to do with war and soldiers." "Which war? When was it?" "In the 18th century." In the west, meanwhile, the absorption of the east has meant that Germany cannot provide the leadership its neighbours demand. If the GDR had not collapsed, West Germany today would have a balanced budget, lower taxes, lower labour costs and a more dynamic economy. Meeting the Maastricht criteria would be easy. *Modell-Deutschland* would still be admired by Anglo-Saxons. The difficult relationship

between the two bits of Germany is more than a question of economic realities colliding with national aspirations. Research conducted by the German department at the University of Leeds about three years ago explains far more than the dreary tales of currencies and taxes. It has proved a reliable guide to the evolution of the new German menage. A paper called "Women and the Wende" (Wende is the change that started in 1989), argued that the process was in fact one of arrogant boy meets submissive girl. "The marriage theme obvi-

ously links the East-West love story to the fairy tale tradition: Sleeping Beauty waiting rather less than a hundred years for the kiss which releases her into life; Cinderella saved from her life of grey drudgery by the Prince." The theme is reflected in contemporary tabloids and weekly picture magazines. There was even a book published in Leipzig in 1991 called *The Sexual in German Unification*. The dream of every Ost-Frau was to meet a man from Dusseldorf in a Mercedes. And the dream of the latter was to pick up a warm, grateful lass from Saxony.

This relationship had obvious consequences which are largely overlooked in the analysis of the economics of unity. A magazine widely read in the east, *Super-Iliz*, even in 1990 wrote: "Every West woman only to get off with a GDR-woman." The caption of a picture of three giggling blondes in the *Neue Revue* was: "All three look west in the hunt for men." The corollary was the humiliation of East German men who were left feeling ugly and useless. The result is there for all to see. The GDR was presented with a huge dowry in the one-

for-one exchange rate. It got a free face-lift as the construction boom took hold in the "new Federal states". But the groom, having so treasured his simple bride when the wall between them collapsed, now sees her as a useless appendage. The seven-year itch haunts Germany. This week at a forum for eastern Social Democratic bosses, the local deputy leader, Wolfgang Thierse, asked for more subsidies. "Thierse's demand shows the GDR-mentality," sneered the *Frankfurter Allgemeine Zeitung*. The resentments inflamed by

fiscal transfers, alleged western domination and eastern inefficiency can be traced back to the psychology of unification as described in "Women and the Wende". The subconscious was made reality: "The GDR is expected to develop those feminine virtues suitable for a wife: patience, compliance and gratitude, while West Germany displays the male characteristics of leadership, rationality and arrogance." Seven years on, the Poles and Czechs may be poorer but they are much better off. ■ James Morgan is BBC World Service economics correspondent.

### Private View

# The guy with the famous argument

## But there is more to John Searle than that. Christian Tyler reports

Scientists do laboratory experiments. Philosophers do "thought experiments". A famous example of the latter is the Chinese Room, invented by John Searle while flying from California to Yale for a conference on artificial intelligence.

Searle's parable, which he claims nobody has yet refuted, was designed to demonstrate that computers will never be able to think. He imagined himself locked in a room furnished with baskets full of Chinese characters and a huge rule-book written in English. Strings of Chinese characters, which the people outside the room knew to be questions, would be passed in. He would study them, consult the rule-book and select other characters from the baskets to pass back.

If he did his job thoroughly these "answers" would make perfect sense to the Chinese-speakers outside the room. But can we now say that John Searle, the diligent professor inside the room, understands Chinese? No, he claims, we can't. What Searle is doing in the Chinese Room is no more than what computers do: shuffle symbols.

"I had no idea the Chinese Room would have the kind of impact it did," Searle told me on a recent visit to his *alma mater*, Oxford. "I had no idea it would be put on television, discussed in PhD theses and be the subject of long - and quite vitriolic - attacks."

"It seemed to me rather a simple point: indeed, the kind of thing philosophers specialise in." The University of California professor is obviously delighted by the success of his thought experiment, which in 1984 reached an even wider audience when he gave the BBC Reth

Lectures. But he is hurt, too. "I have done work which has cost me more effort and I think is more important," he said. "I don't want to be just known as the guy who thought of this famous argument, because I do other things with my life."

Those other things include essays and books on the philosophy of language and mind which have brought him invitations to lecture all over the world. One of his abiding interests is the question of "intentionality", the "aboutness" of thoughts and feelings which is said to distinguish mental states from everything else.

The night before I met him, Searle had given a dazzling - if sometimes opaque - public demonstration of hard thinking on the hoof in a three-way dialogue on intentionality with Jerry Fodor of Rutgers University and Martin Davies of Oxford, organised by the university's European Humanities Research Centre.

I wanted to ask him if there was anything left for philosophers to do in a world dominated by science and technology, when even the problem of consciousness had descended to the laboratory bench. Scientists do real experiments, I said. Aren't philosophers left as Cinderellas to sweep up while the scientists go to the ball?

"Well, I don't make the distinction between philosophy and science," Searle replied. "I think we're just doing the same kind of thing at a much higher level of abstraction."

"It's just a matter of sociology that most scientists aren't worried about these kinds of questions - apart from some super-scientists like Einstein. If you're a biologist worrying about what causes cancer you're not likely to say: 'Well, what's



The man who invented the Chinese Room; but John Searle is now confronting the accepted reality of money

Colin Beese

causation anyway? What causes causing? That's when the philosopher comes in."

Scientists say the philosophers don't know what they're talking about.

"The artificial intelligence people say 'you don't know anything about this, it's all very specialised'. But the

### How in a world of particles and force-fields can you have money, language, marriage?

points I'm making are very simple points. You don't have to know about the hardware."

So what are you bringing to the party? "What you bring is intelligence, trained intelligence. And in principle anybody can do what philosophers do. As with any discipline, AI people get socialised into it. It's very hard for them to stand back and question

basic assumptions." They are pinching your problem.

"On the contrary. The way we typically get rid of philosophical problems is to formulate them in such a way that they admit of scientific solutions."

"It's not our little preserve. Philosophy is in large part the name of a whole lot of questions that we don't really know how to solve. It isn't just that we don't know the answer. Often we don't know how to get the answer. And a big step for philosophers is to try to reformulate the question in such a way that it admits of an answer."

Thus, he explained, it was a serious error to suppose that consciousness was a computation. "We are talking about biology. We're talking about a biological organ, the human brain, and the answer has to be a biological one."

"There's a wonderful irony in this whole debate and our grandchildren will think it amazing that we didn't see the irony: the brain is a machine but the computer is exactly the wrong model for it."

"Consciousness is a machine process, like internal combustion, something that goes on in the physical

world. But the only physical thing that goes on in a computer is a lot of electrical state transitions. Computation is abstract, an interpretation we put on the computer."

"If your readers understand that," he added with a laugh, "you will have done an enormous service to humanity."

Searle's emphatic manner has made him the *bête noir* of the AI world. Yet he says it is "silly" to suppose that science and philosophy are in competition.

"Since the time of the Greeks we have had this huge inventory of problems, and in the 17th century we began to find ways to solve a tiny number. What is matter? What is light? What is energy? And that's called philosophy. That's applied philosophy. But most of the problems are still with us. What is the good life? What is the nature of justice?"

Still, I said, aren't you like the hygienist, always cleaning other people's teeth but never getting to bite the apple yourself?

Searle laughed. "I don't see why we should settle on any particular analogy." His latest work asks questions such as what kind of fact it is to have a five-dollar

bill in your pocket. I asked him why that was interesting.

"Because I want to know how it all hangs together. How in a world made of particles and force-fields can you have money, property, marriage, government, language, cocktail parties, balance of payments problems...?"

One could live happily and die content just saying these are facts.

"But it isn't just that I call this thing money," he insisted, digging a £20 note out of his pocket. "Other peo-

ple accept it. When I give this to someone in a store they don't say, well you just call that money."

It's a convention. "But what does that mean exactly?"

It's an agreement. "Did we ever actually agree? Now we're doing philosophy. Now we're starting to work on this. Now you'll find that the nature of the conventions by which we construct an objective reality have a remarkably complex structure. And I just wrote a book about that."

The book is called, not

very enticingly, *The Construction of Social Reality*. In it, Searle says there is no clash, no break, between biology and culture. Culture is the form which biology takes. We create facts which are not "brute facts" by collectively assigning symbolic functions to phenomena: bits of paper become means of exchange, stone buildings places to pray in.

"What did you discover that you didn't know before?" "What you discover is the structure of the everyday world of social reality. In a sense you have to know what it was before, but you couldn't have said what your knowledge was."

What did you learn about, say, marriage that a sociologist, lawyer or bishop couldn't have told you? "Well, they should have been able to. They just didn't."

What didn't they tell you? "What is the ontology of social reality such that there is a continuous line that goes from the particles of physics through human consciousness to wars, cocktail parties, revolutions." "Maybe they didn't think it was interesting."

"Maybe they didn't. Some people are not interested in philosophy. Others are obsessed by it. I'm always amazed how interested other people are. I am stunned by the unexpected impact of abstruse philosophical ideas."

I mentioned the employment of philosophers on various ethical committees and asked if they were taking on the vacated role of priests.

"Philosophy has become more interesting than when I studied it at Oxford. There are now people working on applied problems - business ethics, medical ethics. I think that's wonderful. But I don't see that as the centre of philosophy. You shouldn't think you're paying philosophers to do that."

"Why should people pay me?" he mused. "I often wonder. If the secret were known... I love it and I would do it for nothing."



Peter Aspden

# Our three minutes are up

Around the beginning of the 1980s, the phrase "Three-Minute Culture" began to gain currency among technophobes, cultural snobs and apocalyptic all-comers. It meant to sound a warning: we were being seduced by the short, sweet trill of the soundbite and the advertising jingle, turned on by the microchip - but losing our ability to concentrate on weightier matters.

Garbled by the competing attractions of new media, our minds fitted from one thing to another. You might have reached the end of this paragraph, but then your attention would wander to the article below. Verbs and prepositions disappeared from sentences. Imperatives ruled. No time to waste. Greed is good. Shape up or get out.

One almost looks back with nostalgia to those ingenious times. The phrase "Three-Minute Culture" seems absurdly dated now, not least because three minutes seems like quite a long time: certainly longer than I take to write most of my e-mail messages, much longer than a scene in a Jean-Claude van Damme movie.

We have adjusted more easily than we thought possible to the demands of the information revolution. Few now believe that computers herald the end of civilisation. People still read novels on public transport, although it is more likely to be Jeffrey Archer than Marcel Proust. But are we not becoming a little complacent in our passion for high-tech living? As those who are living in the fastest lane of the information superhighway are finding to their cost, there is such a thing as information overload. The human mind

is not physically capable of taking in all that is coming out. Man-made systems are failing to cope with the growing speed of communication. Unanswered e-mails building up, piles of faxes spewing uncontrollably from a machine: these are just the most obvious symptoms.

All of which leads us to a dilemma which is possibly unprecedented in the history of human progress: where do we draw the line to balance our necessary embrace of modernity and our desperate clinging to the past? For, make no mistake, it is backwards that we look when we want to get away from all the madness. We take holidays in "unspoiled" parts of the world, as far from the reach of a newspaper as a battered caïque will take us; it is a clear substitute for time travel. At home, we treat ourselves to the soothing, aged balm of Mozart, Shakespeare, Raphael for weekend

cultural nourishment. Even today's avant-garde looks to the great movements of the past - Dada, conceptualism, surrealism - for inspiration. "Swinging London," as decreed by *Newsweek* magazine, with all its bright frocks and snappy pop songs, is nothing but a tired re-tread of earlier cultural glories.

Life in the 1990s is the most curious paradox: a celebration of extraordinary change, the opening up of global frontiers, the accessibility of more information to more people than ever before; but all of it tempered by the nagging feeling that the crowning achievements of humankind lay a long way behind us. It is with this sense of resignation that most of us have learned to live with the three-minute culture. We know we must adapt to help us get on with our jobs, but not many people find joy or inspiration from the techno-

logical advances that are championed so relentlessly today. This was not the case with the invention of the motor car, for instance, which dispensed a real visceral thrill, or the advent of television, which promised a new age of mass cultural empowerment.

Similar claims are made on behalf of the Internet and its fibre-optic cousins, but we are too cynical now. The new communications network may well be global in reach, democratic in principle, open to all; but we know, despite Al Gore's rhetorical flourishes, that like all technological breakthroughs, it is producing an elite class of cognoscenti, and a new underclass which has neither the resources nor the inclination to join the party. The best and the brightest are moving more nimbly, more lucratively than ever before. It takes more than three minutes to change human nature.

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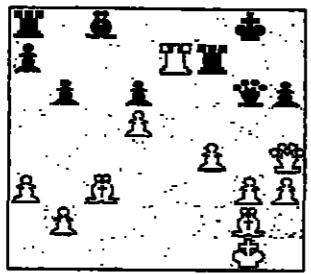
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INSTRUMENTS FOR PROFESSIONALS

CHESS

The UK's chess league has just begun its fourth season with a record entry of 18 teams...

errant queen by 21. Qxg2 gxf3 22 Kf1 Qh4+ 23 Qb3...



No 1,183 Kramnik v Hracek, Euroclub cup 1996. White (to play) has bishop and two pawns for a rook...

Leonard Barden

BRIDGE

France has won the World Bridge Olympiad Open Teams title, beating Indonesia in the final...

bled this contract; at the other, it was left to South. Where the Chinese East was declarer, South led a trump...

When Juanita Chambers, for the US, was East, South led K♥ won with dummy's A♥...

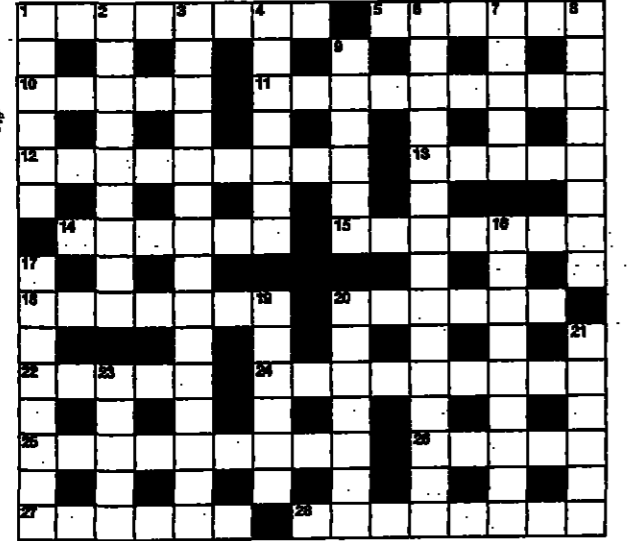
It was ruffed, and 9♠ had been established as the 10th trick. Making 4S doubled was worth a swing of 600pts...

Paul Mendelson

CROSSWORD

No. 9,221 Set by DINMUTZ

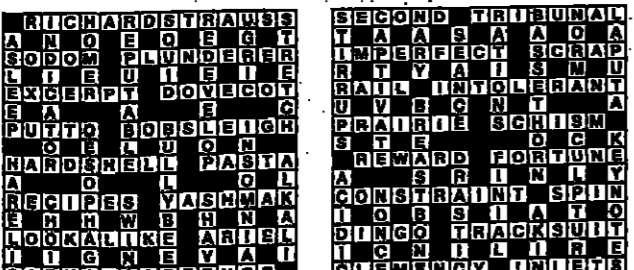
A prize of a classic Pelikan Souverin 800 fountain pen for the first correct solution opened and five runner-up prizes of 250 Pelikan vouchers...



Name: Address:

- ACROSS 1 Beach jumper (4-4) 2 Little space in upper part of Oxford, for example? (6) 3 Stop car clumsily in small space (5) 4 Sticking out bust, I over-tuned? (3) 5 Bartender's measures are controlled by one (6) 6 Ken's point of view (6) 7 Small hat, pliable (6) 8 College head going about untidy pad, expressionless (7) 9 Imposing article for golf-venue in Georgia (7) 10 Gloss paint, a fashion? (6) 11 Deposit left in March, say (6) 12 Use money for a particular purpose with telephone receiver (4-6) 13 Percy gain fresh energy? (8) 14 Woman of fifty with distinctive air (6) 15 Income of Roman god included in report (6) 16 Queen once go nabob in state? (8) 17 Plant book of scriptures in bishop's office (6) 18 Negative terminal functioning incorrectly? Close call (4,5) 19 Travelling companion renews diagnoses unexpectedly (6-9) 20 Class of travel used by firm in money trouble? (7) 21 How some people remain in business? (5,10) 22 Supine prevarication (6) 23 Coming in terms with entertaining (6) 24 Volunteers turn up to nurse and visit (6) 25 Paul's nine trips in Iberia, for example (6) 26 Reeds blown over the border by army manoeuvres? (6) 27 Dawn of Roman civilisation? (6) 28 Paper's leading article - a champion article - cure for the world's troubles (7) 29 Name of draughtsman put up for honour? (6) 30 Cancel article out of year-book (6)

Solution 9,220



WINNERS 9,209: D. Griffiths, London NW7; J.E. Gibb, Twickenham, Middlesex; Irene Glass, Prescott, Lancs; K. Gottschalk, London SW14; S. Oakley, Aberdeen; R. Warner, Toddington, Beds.

WEEKEND INVESTOR

Directors' share dealings

Transactions in own companies October 29-November 1, 1996

Table with columns: Company, Sector, Shares, Value £000, No of directors. Includes Abbot Group, Albemarle & Bond, Albright & Wilson, Chelsea Village plc, Kingfisher, Liberty, Lorien Group, Macro 4, Hays, Prism Leisure, Smiths Inds, Tesco, etc.

Companies must notify the Stock Exchange within five working days of a share transaction by a director. This list contains all transactions (listed and Airt), including exercises of options (if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange. Share traded, Edinburgh, 0151-538 7070

Results due next week

Table with columns: Company, Sector, Announcement date, Last year, Dividend (p), This year, Total return. Includes Abi Leisure, Action Computer, Allied Domecq, British Assets Trust, Capital Radio, etc.

Current takeover bids and mergers

Table with columns: Company bid for, Value of bid per share, Market price, Price before bid, Value of bid, Bidder. Includes Benheim Group, British Data, Calor, Cardcast, etc.

Last week's preliminary results

Table with columns: Company, Sector, Year, Pre-tax profit (£000), Earnings per share (p), Dividend per share (p). Includes AG, Abbot British, Balfour Beatty, etc.

Results due next week

Table with columns: Company, Sector, Announcement date, Last year, Dividend (p), This year, Total return. Includes Argon, Asda, BAA, Bank of Ireland, etc.

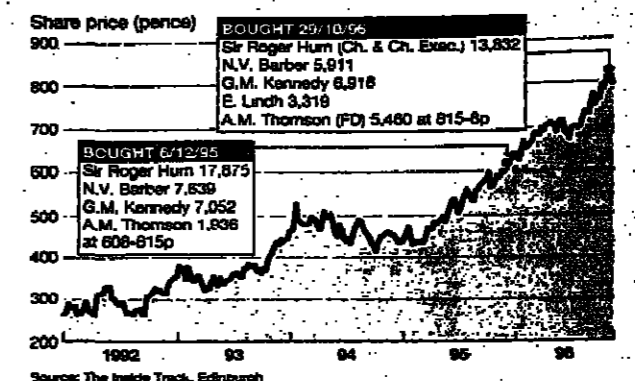
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Last week's preliminary results

Table with columns: Company, Sector, Year, Pre-tax profit (£000), Earnings per share (p), Dividend per share (p). Includes Argon, Asda, BAA, Bank of Ireland, etc.

Smiths Industries



Directors' dealings

Directors' trading was subdued this week, reflecting the market's concerns over the rise in interest rates and inflation. But there was buying activity - and in some unexpected places, writes Lucy Helme.

Current takeover bids and mergers

Table with columns: Company bid for, Value of bid per share, Market price, Price before bid, Value of bid, Bidder. Includes Benheim Group, British Data, Calor, Cardcast, etc.

Advertisement for Offshore Fixed Accounts. Features large text: '6.25% GROSS' and '6.75% GROSS'. Text: 'Are these the best rates around?' and 'Yes, these offers are bigger than both of us.' Includes contact information for Birmingham Midshires (Guernsey) Limited.

# Weekend Investor

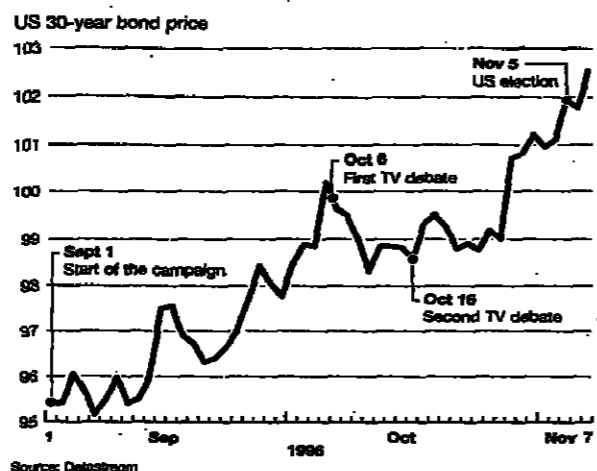
Wall Street

## Nothing stirred except the markets

Voters yawned but bonds and equities were delighted, writes John Authers

Nobody seemed to care about this week's elections - except the markets. Outside Wall Street, all the statistics pointed damningly towards apathy.

### Bonds' election enthusiasm



week to 727.65. The Nasdaq, composed of mostly smaller stocks, went from 1221.78 to 1254.14. And most of these gains remained intact after some profit-taking yesterday.

One reason was that, in the words of one analyst: "Gridlock is good for you." Relief that the Republicans had held on to their majority in the House, briefly in doubt in the closing weeks of the campaign, helped considerably.

Moreover, both the players in the budget-setting process have had their wings clipped, with neither Clinton nor Gingrich having a mandate for renewed confrontation.

Equities also staged a spectacular rally, with the Dow Jones Industrial Average breaking the 6,300 barrier only a week after it had fallen back below 6,000.

Other stock indices showed powerful gains without matching the Dow's pyrotechnics. The Standard & Poor's 500, a broader measure of the market, gained consistently and moved from 703.77 at the beginning of the

London

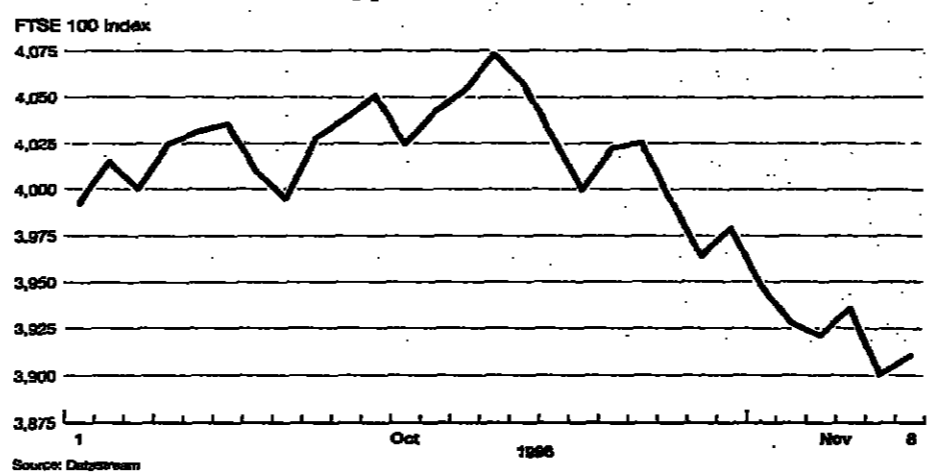
## Footsie thumps to earth

Interest rates are a big worry, says Philip Coggan

What a long time it seems since the middle of October. Then, the UK market was striding ahead purposefully, having passed the 4,000 milestone, with its eye fixed on the distant horizon.

The FTSE 100 index, having peaked at 4,073.1 on October 21, had by Thursday night dropped by 4.25 per cent to 3,900.4. Yesterday's rally to 3,910.8 still leaves it looking pretty depressed.

### Stocks retreat at the approach of winter



### Highlights of the week

	Price y/day	Change on week	52 week High	52 week Low	
FTSE 100 Index	3910.8	-37.7	4073.1	3523.4	Inflation concerns
FTSE 250 Index	4395.6	-33.6	4568.6	3887.7	Inflation concerns
Airtours	670	-12%	714	308	MMC investigation
British Airways	576 1/2	+19 1/2	615	453 1/2	Hope over US/UK trade talks
BT	361 1/2	+10%	385	326 1/2	MCI merger deal
Compass Group	597 1/2	-10%	621	434	SBC Warburg placing
East Midlands Elect	593 1/2	+49	744	479	Takeover signal
Fairway Group	81 1/2	-8	117 1/2	80 1/2	Profits warning
JXOC Oil & Gas	119	-2	191	105 1/2	Fund manager reduces stake
Lloyd Thompson	174	+4%	194	135 1/2	Share buy-back
Mackie Int	145	-7 1/2	367 1/2	109	Profit warning
Northern Elect	608 1/2	-25 1/2	724	484	Bid referral worries
PowerGen	546 1/2	+27 1/2	625	482	UBS "buy" recommendation
Rolls-Royce	246 1/2	-5	270	156	MAM sells stake
Roxboro Group	123	-97	316	123	Profit warning



The market was once striding purposefully ahead... Robert Harding

Ironically, while many people thought it would be Wall Street that would trigger a sell-off in the UK market, the Dow Jones Industrial Average is still posting all-time highs and wallowing in post-election euphoria.

Albert Edwards, the global strategist at Kleinwort Benson, said yesterday he was increasing the cash element of his global portfolio to 30 per cent, the maximum possible. He thinks the Japanese comments were linked to a change in the US attitude towards the dollar now the election is over.

Such international issues may be a long-term worry for the UK market. Its shorter term worries are more tied up with interest rates and the pound.

It is not that the rise will have much of an effect on the economy. Indeed, because the banks and building societies are not passing on the rise to consumers in the form of higher mortgage rates, the move will have very little impact at all.

The Bank of England's inflation report published on Wednesday, said that, even after the rate rise, the government was still not on course to meet its inflation target of 2.5 per cent.

Short sterling, the market's vehicle for speculating on interest rate prospects, is looking for three-month rates to rise to 6.25 per cent by the end of this year, and to 7.25 per cent by the end of 1997.



## Barry Riley Buried by mountains of debt

Global recession could be waiting to pounce again

First, the good news. Next year, the world economy will grow more rapidly, accelerating by about 0.5 per cent to above 3.5 per cent, according to the leading forecasters. Indeed, it must grow more quickly in order to bail European governments out of their budget problems, and to jerk Japan out of an interminable recession. How convenient.

Monetary policies are strongly stimulative. But consumer debt is likely to hit a ceiling quite soon in the US and the UK, and government debt in several countries could suffer the same fate in a year or two. For all the temporary enthusiasm of global bond investors for the higher-risk debt of big borrowers such as Italy and Sweden.

Offshore managed funds and UK managed funds are listed in Section One

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